Young make violent comment on German politics, Page 3

Tuesday January 3,19873

D 8523 B

### World news French

# strike

The French rail strike seemed close to an end last night as drivers at some of the more militant depots voted to return to work. Electri-cians were already back after wage concessions by the national electri-

city authority.

Right wing parties rallied thousands of Parisians in protest against the stoppages and one demonstration included slogans shouted against President François Mitterrand. The Paris metro re-mained disrupted but fresh talks are due today. Page 2

#### Israelis raid Sidon

Three Palestinian guerrillas were killed and 13 people wounded when Israeli warpianes raided targets near Lebanon's southern port of Sidon, police said.

#### New US spokesman

The White House named veteran Marlin Fitzwater to replace Larry Speakes as President Reagan's chief spokesman from February 1. Mr Speakes is leaving to join Merrill Lynch. Page 4

#### Riots in Karachi

At least 24 people were injured and about 100 shops and houses set on fire during riots in Karachi which followed the rape and murder of two young women.

#### Jaruzelski visit

Polish leader General Wojciech Jaruzelski arrived in Italy for his first official visit to the West since the 1981 imposition of martial law phonged his country into international isolation: He was met in Rome by Italian Prime Minister

#### Afghan rebeis meet

Leaders of the main African rebel to consider their response to the So-viet-backed Government's peace inis due to begin later this week. Page 4

#### Maputo reshuffle

Mozambican Security Minister Sergio Vieira has been sacked along with the governors of Tete and Zambezia provinces in a govern-ment reshuffle. Six African National Congress officials left the country last week following South African pressure. Page 4

#### Aquino press ban

President Corazon Aquino, who restored press freedom to the Philippines, ordered the closure of a world's second biggest specialist newspaper loyal to former President reinsurer, reports the size and freedom to the Philippines, ordered the closure of a world's second biggest specialist reinsurer, reports the size and freedom to the Philippines of t dent Ferdinand Marcos and told national television it must not broad-cast an interview with sacked De-fence Minister Juan Ponce Enrile.

#### Prince quits marines

Britain's Prince Edward has de-cided to resign his commission in the Royal Marines after much con- about 20 Swedish companies to fisideration," Buckingham Palace an nance research into biosensors

### iceland fishing crisis

Iceland's Premier Steingrimur Hermannsson said he was recalling parliament because of a strike by around 5,000 fishermen. They have been on strike since January 1 de-manding a higher share of the

#### Iranians 'trapped'

Iraq claimed it has trapped Iranian troops in a "killing zone" on the southern Gulf War front and said its aircraft had struck at five Irani-

#### Never on Sunday

Liberian President Samuel Doe banned the sale of all goods on Sundays, calling it a sin. He said anyone who flouted the ban would be

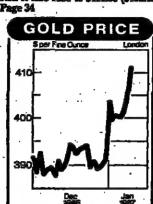
### Japanese protest at EEC plan on duties

Business summary

JAPAN'S powerful Keidanren confederation of business organisa-tions has sent a letter of protest against proposals to extend Euro-pean anti-dumping duties to heads of state and top officials of all EEC countries. Page 5

OWENS-ILLINOIS, largest US glass container maker, rejected a proposal from Wall Street investment firm Kohlberg Kravis and Roberts to take the company private in a \$3.3bn leveraged buy-out.

GOLD rose \$6.75 on the London bullion market to close at \$411. In Zurich it also rose to \$411.05 (\$402.45).



WALL STREET: The Dow Jones in dustrial average closed 3.51 up at 2,009.42. Page 42

LONDON equities hit another re-cord on overseas buying. The FT-SE 100 index gained a further 3.3 to 1,755.6 and the FT Ordinary added 3.0 to 1,389.4. Gilts firmed. Page 42 TOKYO lost ground as the yen rose. The Nikkei average dropped 141.34 to 18,669.62 in volume of 403m shares. Page 42

DOLLAR closed in New York at DM 1.89601 SFr 1.5865; FFr 6.3965 and Y157.40. It fell in London to DM 18905 (DM 19175); it also fell to Y156.76 (Y158.10); to SFr 1.5805 (SFr 1.5045); to FFr 6.2875 (FFr 6.2975). On Sank of England figures the dol-lar's exchange rate index fall 0.1 to

106.9. Page 35 STERLING closed in New York at \$1.4870. It rose in London to \$1.4915 (\$1.4775); and to Y233.75 (Y233.50); but fell to DM 2.82 (DM 2.8325); to SFr 23575 (SFr 23700); and to FFr 9.3775 (FFr 9.4525). The pound's exchange rate index rose 0.1 to 68.9.

LORAL, fast growing US defence electronics group, has entered a de-finitive agreement to buy Goodyear Aerospace Corporation, part of the US tyre company, for \$640m in cash. Page 23

quency of losses through catas-trophes have risen steeply during the 1980s, having cost insurers more than \$36bn in the past 15

PHARMACIA, Swedish pharma-ceuticals and hiotechnology group, has raised SKr 225m (\$33.5m) from

AEROSPATIALE, French aircraft manufacturer, suffered an 18 per cent fall in orders last year to FFr 28.6bn (\$4.5bn) on the previous year but expects an "honourable performance" this year. Page 27

CZECHOSLOVAK leadership has outlined plans to give companies more independence in determining the goods they produce and how to sell them for the next five-year plan from 1991. Page 3

APPLE COMPUTER, US computer maker, has introduced an updated version of its 11e Personal Computer which will retail at \$829. Page 23

HITACHI, Japanese consumer products group, is investing £7m (\$10.3m) at its UK factory in South Wales for diversification into micro-

TRANSPORT CHAOS FOLLOWS LOWEST TEMPERATURES FOR 25 YEARS

### Deaths as Arctic weather engulfs Europe

BITTER weather brought the coldest temperatures for 25 years to northern Europe yesterday, causing the deaths of dozens of people and village of Dmitriev, 300 miles south northern Europe yesterday, causing ry plunged to a record -39°C in the the deaths of dozens of people and seriously disrupting transport in of Moscow, for the third day run-

many cities.
In the Soviet Union, at least 48 deaths were caused by fire as peo-ple used faulty electric heaters. In addition, avalanches killed 29 peo-London, experiencing the ple in Georgia and 13 people in east-

ern Turkey.

Two people died in Budapest when two trains collided in a blizzard and a Polish forestry inspeczard aim a rouse intestry insper-tor, a Greek border guard and a Munich tramp froze to death. Three Greek and three Italian fishermen died at sea and, in the Netherlands, a six-year-old boy died when he fell stay below freezing until the week-through thin ice. In France the cold killed two tramps near Marseille, a jogger and a Britiany fisherman.

ing.

Britain was also in the grip of winds with some areas, including London, experiencing the coldest January development Jamary day since records began in 1840. The midday temperature in London was -7°C and the chimes of Big Ben were stilled when the ham-

Other parts of Britain including the Pennines in the north had overnight temperatures of -16°C and weathermen forecast that it would

tarly cold spell helped push up prices for crude oil and refined products on both sides of the At-lantic. The spot price of Brent crude for February delivery rose 40 cents to \$18.78 a barrel while in the US West Texas Intermediate blend reached \$19 a barrel. Page 22

Travel conditions were particu-larly bad in south-east Britain. Some areas near the Thames estu-ary were cut off. Many train ser-vices did not run and others operated a curtailed and erratic service. A British Rail spokesman said: "It is a nightmare. We just can't cope in some areas." At Westcliff, Essex,

times unable to keep pace with the how to lo heavy snowfall. Police in the West the cold. Midlands rescued 300 lorry drivers In the stranded in their cabs when their

to use their saunas, washing ma-chines and extra heating as electri-Heavy snowfalls across the coun-

try played havoc with the normally 25,000 freight cars were stalled out punctual train and postal services of a total of 1.9m. and Swedish state railways warned people to dress warmly in case they had to wait for trains. In some of 1984-85 was to cut oil output leadstruggled to keep their cow sheds supplied with water.

A national newspaper published ous throughout the day, with snow ploughs and gritting machines at times unable to keep pace with the how to look after their animals in

In the Soviet Union, go and industry attempted to keep the country's transport system working in the face of some of the worst con-In Sweden, people were urged not ditions since the war.

One of the Government's priorities is to ensure that coal and fue oil reaches power stations. The Communist Party newspaper Prav-da said that on the railways about

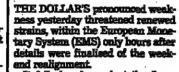
The most serious impact of the cold weather in the last bad winter ing to a serious loss of oil export

Continued on Page 22

# Dollar slide puts fresh strain on realigned EMS

DOLLAR

BY OUR FINANCIAL AND FOREIGN STAFF



it fell sharply against the Japa-nese yen and the D-Mark despite intervention by the Bank of Japan and the Bundesbank. In London, it closed at DM 1.8905 - its lowest level since November 1980 - and well below Friday's close at DM 1.9175.

It closed at Y156.70 compared with its pre-weekend close of Y156.10.
European Community finance ministers agreed to revalue the D-Mark and the D-litch guilder by 3 per cent and the Belgian and Luxembourg francs by 2 per cent while the French franc's central rate within the system was unchanged. governments to revalue their cur-rencies were denied.

tarvention in Tokyo spparently tried to stop the dollar from slip-ping below Y158. Mr Kiichi Miyazawa, Japan's Finance Minister, said at a press conference in Hiroshima that he was confident that the yen would not rise further.

However, after a short-lived bout of dollar purchases in an initial reaction to the realignment in early European trading, the dollar re-In Paris, the D-Mark fell as ex-

weekend but rapidly moved away from its new floor level of FFr 3.2792 as funds flowed out of the governments to revalue their cur-rencies were denied. The official fixing took the D-The Japanese central bank's in-tervention in Tokyo apparently time below Friday's fix of FFr

3.3303, its old EMS floor. French foreign exchange dealers

had followed it upwards. They were concerned that any further weak-ness of the US dollar would again strengthen the D-Mark against the French franc and quickly force another EMS realign

dustrial production are due later this week. These are expected to show healthy rises which could pro-vide a respite for the dollar. Foreign exchange dealers pointed out, however, that the market virtually ignored last Friday's encouraging news of a rise in US civilian jobs in December and sentiment remain firmly set against the dollar.

If the D-Mark continues to appre ciate as a result of the dollar's weakness, West Germany is likely to come under increasing pressure to cut its leading interest rates. Any cut in rates is virtually ruled

out prior to the West German elec tions on January 25. Economists and foreign exchange dealers see a strong likelihood of further, possi-bly concerted, intervention by Euro-pean central banks in the short term to support the dollar.

Sterling traded quietly, losing ground against the D-Mark but rising strongly against the dollar. The Bank of England's trade weighted index ended at 68.9, little changed said they were disappointed that the D-Mark had been revalued by so little and that the Belgian francing low of DM 2,8200 compared with

ing low of DM 2,8300 compared with Friday's closing DM 2,8325 but fin-ished higher at \$1,4915 compared Instead of replacing Mr Kampelwith the previous close at \$1.4775. Background, Page 2; Editorial comment, Page 20; Lex, Page 22; Currencies, Page 35

upgrade arms talks delegates

BY STEWART FLEMING IN WASHINGTON AND ROBERT MAUTHNER

**Superpowers** 

THE SOVIET UNION and the US of his Soviet opposite number. have both upgraded their chief repcontrol talks in Geneva, in moves which are seen as evidence of a mu-

Viktor Karpov, the chief Soviet negotiator in Geneva, by Mr Yuli Voroutsov, a first Deputy Foreign Minister, was quickly followed yesterday by the announcement in Washington that Mr Max Kampelman,
the chief Soviet Union announced in the chief US arms control represen-

Mr Kempelman was appointed to the senior post of counsellor to the State Department as he was about heads a Soviet department for the to leave for Geneva, where the next peaceful use of atomic energy and round of the nuclear and space talks is due to open on Thursday.

Officials insisted that the change in Mr Kampelman's title - he remains head of the US arms control delegation in Geneva - had been under discussion before Moscow notified Washington last week that it was appointing a more senior official to head its own delegation. Moscow had apparently urged Washington also to appoint a higher-ranking delegation leader.

man, the US Administration has promoted him, though it is arguable whether his new title matches that

both upgraded their chief reptoth upgraded their chief repTop arms control officials in
thatives to the nuclear arms Washington have welcomed the appointment of a more senior Soviet official to head the delegation, saytual desire to give a fresh impetus ing they hoped it would give the ne-to the negotiations. gotiators in Geneva more flexibili-The reported replacement of Mr ty. "We hope he would have more

eva that it had also replaced Mr tative in Geneve, had been given a Viktor Issraelyan, its veteran chief negotiator to the 40-nation Disar-mament Conference, by Mr Yuri Nazarkin. Mr Nazarkin currently

> These moves are being interpretthe Soviet Union, in particular, is anxious to reach wide-ranging dis-armament agreements while President Ronald Reagan is still at the White House. In spite of the break-down of last October's US-Soviet summit meeting in Reykjavik, Mr Mikhail Gorbachev, the Soviet leader, is sending out increasingly strong signals that he believes that sufficient progress was made on that occasion to allow a nuclear

### **Appliance** companies working on 'intelligent' home plan

By Christopher Parkes, Consumer Industries Editor

SEVEN of Europe's leading audio, ufacturers are working together on a scheme which could make "the inend of the decade.

rould be able to control and monitor kitchen appliances, burglar alarms, central heating and lighting in any part of the home from an armchair in front of the TV set.

Thorn EML GEC and Mullard of Britain, Philips of the Netherlands, Electrolux in Sweden, Siemens in West Germany and Thomson of France, are to spend £12m (517.6m) to ensure that the necessary communications systems they adopt are fully compatible.

This will enable a consumer, for example, to see how a Zanussi dish-washer is progressing from the screen of a Ferguson television, ad-just German thermostats in British heating systems and adjust the volame on the children's Dutch-made hi-fi from a single keyboard, or even a telephone outside the home.

Without a common approach, the Japanese are likely to steal the intailored to European needs, according to MP Kenneth Gray, technical director at Thorn EMI. Japanese development is at about the same companies. "Even worse, we could have a whole plethors of incompatible European systems," he said yes

"The significance of this is that we have got companies accounting for 80 to 80 per cent of European brown and white goods to agree to try to find common standard."

The project would take about two years to complete, Mr Gray said, and early systems could be on the

Most of the manufacturers involved have developed so-called in-Thorn, for example, has been running a project for some time, and is now prepared to exchange information with other participants in the

Mr Gray said his company persuaded the others to take part in the joint effort about a year ago. An mitial feasibility study will be completed next month.

### **Central banks and EEC asked** to strengthen EMS mechanisms

mittee have been asked to examine ways of strengthening the operating mechanisms of the Euro-pean Monetary System, in the wake of the weekend currency realign-

This emerged as speculation grew that the realignment of currencies in the EMS would prompt an early reduction in European in-terest rates. French bond and financial futures prices rose in reaction. Greater use of inter-marginal intervention by central banks - before EMS currencies reach their permitted ceilings and floors - is

likely to be a key element on the EMS study.

Mr Mark Eyskens, the Belgian
Finance Minister who chaired the
weekend realignment meeting, and Mr Jacques Delors, the president of the European Commission, spelt out such action as one of three areas for further debate.

The others would be greater coadination of interest rate policies,

EUROPEAN CENTRAL bank and the possibility – at least in the there was any clear commitment to governors and the EEC monetary longer term – of direct intervention greater co-ordination than hitherto, by the European Monetary Co-oper- or that the forthcoming study on ation Fund.

The fund currently holds a prostates of the EMS, but plays no active role in intervention. Mr Eyskens said the Finance

Ministers had considered at length the need to strengthen the system, otherwise we will witness the events of the past few weeks hap-pening again and again. We have to show that the community can take measures that will in the long run

Mr Delors said the recent strains on the EMS represented the first time the system had faced such an external challenge – the tension caused by the fall in value of the dollar - and he had been unsure that the existing system of dia-logue and concertation would be adequate to cope with it.

It was not clear, however, that

strengthening the system would commit any of the member states to

As details of the latest realign-ment emerged, Mr Edouard Ballad-ur, the French Finance Minister, said he hoped French interest rates would come down soon and added that an understanding had been reached during the realignment negotiations that West Germany would lower its money market

But Mr Gerhard Stoltenberg, the West Germany Finance Minister, was more cautious, saying he hoped a "limited fall" in West Germany money market rates would follow

the EMS realignment.
The Bundesbank is likely to rely on monetary fine tuning after the realignment to prevent the rise in market interest rates which would otherwise result from the expected abrupt reversal of last week's heavy inflows into West Germany

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CLERENCY RATES

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FORWARD RATES ACAINST STERUM

### French rail strike crumbles as militants vote to return to work

THE FRENCH railways strike seemed close to an end last night as drivers at some of the more militant depots voted to return to work. The winding down of the railwayman's action which hagan the current seemed close to an end last demonstrations were such and additional cost to the strike in terms of lost output and additional cost to the state. Some 2,0003,000 people gathered at the Palais Royal socialist, said it was irresponsible for the protest organisers in the current of the continuing dispute over wages. But fresh negotiations at the instigation of Mr Jacques and present the current of public administration em
The French railways strike in terms of lost output only union still actively entrains was 70 per cent of the formal on Sunday and premore militant depots voted to remained disrupted as a result.

The French railways strike in terms of lost output only union still actively entrains was 70 per cent of the couraging the strikes is the normal on Sunday and premore militant depots voted to remained disrupted as a result.

The Minister and a since the strike began are belived to have cost FFT 2bn-FFr of public administration emsince the strike began are belived to have cost FFT 2bn-FFr of public administration emaction which have not the strike and a strike size of the instigation of Mr Jacques

The Minister and a smaller than expected.

Mr Laurent Fabius, the formore distributed as a result of the continuing dispute over wage claims

Concessions over wage action, which began the current are planned for today.

action, which began the current wave of disruption in France, is likely to take momentum from other strike movmeents in the public sector. Electricians were back at work yesterday after concessions on wages made by the strike action and the increasing return to shouting slogans that included the political an attack on President terrain. Mr Chirac, speaking francois Mitterrand, and sington to reporters, said consumers ing the Marseillaise. Nearby, at the Place de l'Opera, the concessions on wages made by the strike.

But the cold and the apparent are planned for today.

Chirac's neo-Gaullist RPR party to "increase the agitation and transplant it to the political an attack on President terrain." Mr Chirac, speaking to reporters, said consumers ing the Marseillaise. Nearby, at the instigation of ar Jacques to "increase the agitation and transplant it to the political an attack on President terrain." Mr Chirac, speaking to reporters, said consumers the agitation and transplant it to the political an attack on President terrain." Mr Chirac, speaking to "increase the agitation and transplant it to the political an attack on President terrain." Mr Chirac, speaking to "increase the agitation and transplant it to the political an attack on President terrain." Mr Chirac, speaking to "increase the agitation and transplant it to the political an attack on President terrain." Mr Chirac, speaking to "increase the agitation and transplant it to the political an attack on President terrain." Mr Chirac, speaking to reporters, said consumers that the increase the agitation and transplant it to the political an attack on President terrain. The constraint and transplant it to the political an attack on President terrain. The constraint and transplant it to the political an attack on President terrain. The constraint and transplant it to the political and tran

mer Prime Minister and a Socialist, said it was irresponsible for the protest organisers to "increase the agitation and transplant it to the political terrain." Mr Chirac, speaking to resorters

creased labour unrest are likely one of the leaders in the rail to be much larger.

Apart from the dispute in the

The railway company, SNCF. the south,

excess of monetary liquidity caused by last week's massive

inflows of cash into West Germany, the central bank knew it had only one choice. This was to press for a speedy revaluation, which would not only reverse last week's huge

oflows caused by automatic

intervention to support the French franc, but would also, by dampening import prices, ward off any imported inflation.

The outcome was effectively

clinched on Wednesday when the Bundesbank and other EMS central banks were forced to sell more than DM 5hn—raising fears of monetary inflows last seen in the final days of Bretton

abu. While the macro-economic ployees.

effects are not likely to be a return to work yesterday was of inflationary pressures and in the Gare du Nord which was would be back to normal by Some pockets today. militancy remained, mainly in

### expects growth rate of 2.2%

By Kevin Done, Nordic Correspondent in Stockho

Sweden

THE SWEDISH economy is expected to grow by as much as 2.2 per cent this year fuelled by continuing strong private consumption, stockbuilding, and higher industrial investment, according to the 1987-88 budget presented yesterday.
Swedish financial markets
have been unsettled by the
absence of measures to dampen

absence of interest rates and long-term interest rates rose again yesterday, white share prices fell heavily. Private communication is expected to rise

prices fell heavily. Private con-sumption is expected to rise by 3 per cent following a jump of 3.6 per cent in 1986. The surplus on the current account of the balance of pay-ments is expected to shrink to SKr 3.6bn (2361m) from an estimated surplus of SKr 8.5bn estimated surplus of SKI 5.584 in 1986, but the fall could be much more severe if the recent rise in oil prices is sustained. (The forecast is based on a price of \$15 per barrel compared with a current snot price

price of \$15 per barrel compared with a current spot price of \$18 per barrel.

The Swedish Government is continuing to pisce the highest priority on holding down unemployment, and the jobless rate is expected to improve to only 2.6 per cent this year from 2.7 per cent in 1986.

Inflation is expected to begin rising again after the sharp fall last year with an increase during 1987 of 4 per cent (December to December) compared with 3.2 per cent in 1986.

In a restrictive budget for In a restrictive budget for 1987-88 the Government has kept a tight control of expen-citure, which is forecast to rise by some 2.8 per cent compared with a 3.1 per cent rise in

The budget deficit will be cut to SKr 36.9bn from an esti-mated SKr 40.5bn deficit in 1986-87. The deficit has been more than halved since 1883-83 when it peaked at SRr 98.8bn. As a share of gross national product it has been cut from 13.0 per cent in 1982-83 to a forecast 3.6 per cent in 1987-88.

Helped by the one-off tax imposed on the assets of life insurance companies the total finances of the public sector in Sweden are forecast to show a small surplus in 1987 compared with a deficit equivalent to more than 6 per cent of GNP in 1982. In what Mr Kjell-Olof Feldt,

in what ar kjell-Olor Feldt, the Swedish Finance Minister, described as an "austere reform budget," the minority Social Democratic Government is planning to allocate increased spending to priority areas of social welfare, regional development and research and development. The reforms will be financed

partly through cuts elsewhere agricultural support and subsidies to housing and the local authorities. Most controversially the Government is seeking to cut milk subsidies, and intro-duce a hospital charge for childbirth as well as higher prescription charges for medi-

At the same time it is planning to increase old-age pensions and introduce improved sickness benefits which will give blue collar workers the same conditions as white collar workers with full benefits pay-abe from the first day of illness. The higher pensions have been finance through the con-troversial one-off tax on the in-

financed chiefly through in-creased payroll taxes.

The Swedish economy is still burdened by price and wage cost increases that are substan-tially higher than levels in its main trading partners, which has led to a loss of market shares both at home and abroad.

Leaders for both the trades unions and the employers are to be called in for a series of talks aimed at reforming the country's collective wage bargaining system, following the turbulent series of industrial conflicts in the public sector

### FT writers describe how the realignment of EMS currencies was achieved and assess its likely impact

### Supporting cast complicate scene

tee of the European Communi of the British pound. But ties, a notoriously secretive body Iteland was determined to of senior central bankers and top keep its parity after last treasury men, met for nine August's devaluation, and with treasury men, met for nine hours until almost midnight on Saturday without a clear con-

Then the ministers and governors came together on Sunday and kept hammering away until after one o'clock in the morning—when the Japanese foreign exchanges were already open for dealing—before they reached agreement.

heart of the realignment — a 3 per cent revaluation of the D-Mark against no change for

Bonn and Paris sent their men to Brussels on Saturday with a deal already done on 3 per cent, for the D-Mark and the Dutch guilder

What part the art

pigeons on Saturday was when Belgium, Luxembourg and Denmark insisted on joining in and following the D-Mark and the guilder upwards — if not by 3 per cent, then by 1.5. That would have left the

considering the modest size sick men of Europe.
of the currency changes in the European Monetary System decided in Brussels this week-end.

sick men of Europe.

Mr Edouard Balladur, the French Finance Minister, could not accept such isolation. the negotiations of EEC finance One solution to salvage ministers, central bank governors and Treasury officials to persuade a smaller curproved remarkably long and agonising.

First the Monetary Committed from the free fiets from the free fiets. an election imminent Dublin,

Late on Sunday night, it was

The point was that Mr Mark In the end it was not the Eyskens, the Belgian Finance heart of the realignment — a Minister in the chair, wanted to 3 per cent revaluation.

D.Mark against no change for the French franc — which was at issue. It was all the ramifications for the other member ance. Mr Jacques Poos of states — and their implications for French domestic opinion—

for French domestic opinion—

their their states and the implications for the other member ance. Mr Jacques Poos of their states — and their implications is the belgian economic performance. Mr Jacques Poos of their states — and their implications is the belgian economic performance and the implications is the belgian economic performance and the implications of the belgian economic performance. Mr Jacques Poos of the belgian economic performance and the implications are the Belgian economic performance and the implications for the other members and the implications of the belgian economic performance. Mr Jacques Poos of the Belgian economic performance are the Belgian economic performance and the implications are the Belgian economic performance are the Belgian economic performance are the Belgian economic performance are the Belgian economic performance. Mr Jacques Poos of the Belgian economic performance are the

The end it was a gamble er cent, for the D-Mark and the Collection of the Coll revaluation for Belgium of more than 1.5 per cent. But if he went to 2 per cent he reckoned he could call the Danish (and Irish) bluff. Around midnight, just when things looked as if they were getting really French franc and Italy's lira, entrenched, and tempers might not to mention the Irish punt, start to fray that is exactly looking very much like the what he did. And it worked.

#### EMS: BILATERAL CENTRAL RATES AND INTERVENTION POINTS W. Garmani 304.44 297.461 67912.0 63963.1 60241.0 + 2.25% central rate - 2.25% 338.537 331.02 33.1293 32.3939 86,780 16.4310 5,5870 5,46284 5,3415 18.9143 1.8510 + 2.25% 4.957 central rate - 2.25% 343.05 335.386 74540.0 2109.50 39.1825 + 2.25% 115.235 72049.0 2062.55 2016.55 - 2.25% 110.1675 89.925 + 2.25% 551.0 \$7.9257 \$5.97 10094.0 central rate - 2.25% 10.4511 + 2.25% 3.0970 54.5715 55.2545 54.0250 10.21M 9.9913 - 2.25% 116.32 113.732 11.3830 11.1299 622,97 30.495 + 2.25% 34.36 29.8164 central rate - 2.25% 5,420 5,29268 1.4735 30.387 0.517943 20.6187 4.65367, central rate

### Bonn yields to the speculators' pressure

THE West German Finance Minister, Mr Gerhard Stoltenberg was at pains yesterday to put the best possible face on the revaluation of the D-mark worked out in the Brussels re-

However, beneath the bland assurances it is clear that, by quickly giving up its resistance last week to any revaluation within the European Monetary System, the Bonn Govern-ment has bowed with little demur to a sudden build-up of speculative pressure on the foreign exchange markets. Mr Stoltenberg repeated yes-

terday his view of last week that, on the basis of "economic fundamentals," there was no reason for any EMS realign-ment. With some "nuances," he said, this was also the view of the other ministers at Sun-

SWIFT on the Wang VS has far-reaching impact.

day's meeting. But, as a senior day that EMS parities would be adviser to Mr Helmut Kohl, the able to remain unchanged "for west German Chancellor, put it on Sunday night: "What the (currency) markets want, must wards move was its sixth formal to be a senior of the EMS and the senior of the

EEC finance ministers yesterday were bathing in self-con-gratulation at their ability to find, after two days of meetings in Brussels, "flexible solutions" to last week's EMS unrest. But the realisation that, provided the weight of speculative cur-rency flows is sufficient, the markets can force a change of EMS partities with astonishing speed does not serve as a very convincing test of the strength of Europe's eight-year-old ex-change rate scheme.

It also indicates that the markets might before too long try to test the durability of Mr. Stoltenberg's assertion yester-

revaluation in the EMS and the currency's ninth since the fixed exchange rate Bretton Woods system finally broke down in March 1973.

Mr Stoltenberg's own credi-

hility may have suffered a knock by the rapidity with which Bonn submitted to the will of the markets. But, overwill of the markets. But, over-all, West Germany has acted in accordance with the consistent "stability-first" policy promul-gated by the Bundesbank, the central bank, which seems if anything to have increased its influence over the Bonn Government in recent years. The Bundesbank's doctrine.

Government in recent years.

The Bundesbank's doctrine, it can be argued, has served West Germany well in terms of fostering both price stability and economic growth.

In essence, the doctrine lays down that, whenever West ton afterwards, with Mr Germany faces external pressure for a revaluation—as it has frequently done over the past three decades—it should respond by accepting an upward move of the D-mark rather than

move of the D-mark rather than but basically secondary by cutting interest rates or questions of the other EMS

### **Exporters put brave face** on loss of competitiveness

WEST GERMAN exporting companies, already hit by the sharp fall in the dollar, will have to bear an added burden as a result of the latest revaluation of the D-Mark against other European currencies.

Though companies and indus-

France, whose currency was France, whose currency was unchanged in the EMS, is West Germany's biggest trade partner. Altogether, nearly 40 per cent of West Germany's foreign trade is with other EMS countries. France accounts for around 11 per cent and the Netherlands for about 10 per cent.

Though companies and industry associations sought to put a hard blow to West German a hard blow to West German industry. But it came after a period when the dollar had to undoubtedly being diminished as a result of the soaring D-mark.

The mechanical engineering industry, one of West Germany's biggest exporting sectors has already felt the draught from the weaker dollar and poorer demand from Opec and developing nations.

Netherlands for about 10 per orders for West Germen machinery fell by 13 per cent in real terms, the VDMA said. The which will suffer most from latest D-mark revaluation in the 5 per cent revaluation in the EMS would affect about 20 per EMS are cars and machinery. cent. or nearly DM 20bn (£7bn), Both export heavily to France and also face strong competition sector.

#### Another blow for Chirac By David Housego and George Graham in Paris

THE GOVERNMENT of Mr Jacques Chirac appeared to have suffered further domestic damage from the realignment in the EMS which was widely

Foreign exchange dealers and economic commentators were also scrptical about whether the new parities would survive the coming months. Monetary, officials said the Bank of France would wait a few days to see whether the franc was sufficiently steady in the EMS to permit some lowering of short-term interest rates. These were increased to 6-7 per cent in real terms as a result of recent pressure on the franc. Foreign exchange dealers

Mr Edouard Balladur, the Finance Minister, stoutly maintained yesterday that the new parities would hold. He told a Press conference that the Government was prepared to tighten fiscal policy further to prevent inflation exceeding the official 2 per cent objective this year.

tive this year.

Against the background of the current strikes the Government is seen, however, as likely to have a difficult task in reconciling peace on the labour front with the pursnit of its disinflationary policies. Mr Balladur addressed this dilemma yesterday by calling for "wisdom" over wage settlements while opening the door to negotiations on other

It will also increase infiatiouary pressures marginally. These adverse effects will the strikes.

tion for calling the franc weak at the mement. Money supply is under better control than is under better control than that of most other industrial countries, including West Germany. The halance of payments, too, has returned to substantial surplus after six years of deficit. In the first 16 months of the year, the surplus topped FFr 20bu. It is in trade with West Germany that the worrying signs occur. The balance has deteriorated again this year as increased consumer demand in France led to a surge of imports. The bilateral dencit reached FFr 36.75bn in the first 11 months of 1986, compared with FFr 28.57bn in the whole of 1985.

Although wages and unit

taken to reflect continuing French economic weakness compared with West Germany.

In macro-ecanomic terms, the revaluation of the D-mark, the Dutch guilder and the Belgian franc will add to France's import bill, as 35-per cent of French imports come from West Germany, the Netherlands and Belgium. It will also increase info-

The fight to prevent prices taking off again, however, remains a high priority and lies behind Mr Chirac's battle to hold down public sector pay.

On other economic measures, according to Finance Ministry officials, there is no objective justification for colling the franc weak

Although wages and unit production costs are now rising more slowly in France than in West Germany, the gap between French consumer price inflation and Germany's defiation has been widening in recent months

## surance sector, while the im-proved sickness benefits will be financed chiefly through in-

abroad.

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### Gibraltar to overshadow UK-Spain talks

BY DAVID WHETE IN MADRID AND ROSERT MAUTHNER IN LONDON

expected to overshadow two days of talks between Sir Geoffrey Howe, the Foreign Secretary and Mr Francisco Fernander Ordonez, his Spanish opposite number starting in London today.

The talks, part of the regular annual discussions between Spain and Britain initiated in November 1984 by a bilateral agreement in Brussels which led to the reopening by Spain of its border with Gibraltar, are unlikely to lead to a break-through on the contentious working of the Beak's future.

Britain agreed in the Brussels communique to discuss sover-eignty over the colony with Spaln, but in practice the people of Gibraltar will always have a veto over any solution to their future which may be

roposed.
"Her Majesty's Government will never enter into arrange-ments under which the people of Gibraltar would pass under

the sovereighty of another the sovereignty or another state against their freely and democratically expressed wishes," the pressuble to the 1989 Gibraliar Constitution states. The commitment was specifically referred to in the

That has not prevented Spain That has not prevented Spain from trying to get things moving on sovereignty, with little result. The UK has not responded to proposals put forward by Spain in 1985 for either a leaseback system on the Hong Kong model or a condominium between Spain and the UK over the Rock, according to Spanish officials. ing to Spanish officials.

Mr Felipe Gonzalez, the Spanish Prime Minister, has said he wants agreements on the "mechanism" for a solution by 1990. Britain, however, sees the problem quite differently.

After the 16-year Spanish blockade of the colony, lifted only 2 years ago, London believes that co-operation between Gibraltar and Spain must first of all be

developed at a local level. The only way in which a Spanish workers are receiving

transfer of sovereignty could eventually be achieved is for Spain progressively to woo the Gibraltarians away from their allegiance to Britain, British officials argue. Negotiations between the two

countries are currently bogged down over Spanish proposals for the joint civilian use of Gibraltar's small military air-

strip,
Spain would like to fly its
own nationals either to or via
Gibraltar without going through
British or Gibraltarian frontier
British or British controls, a move that Britain sees as a concession on

Through Madrid has expressed its disappointment and frustration at the lack of progress, British officials, claim, that Gibraltar's hinterland, the Campo region, has already greatly benefited from local

co-operation. Spanish exports to Gibraltar last year totalled some £15m, Gibraltarians are estimated to be spending between £15m te

some £7m a year in Gibraltar pensions. At least 1,000 Spaniards are now commuting to jobs on the Rock, while about 500 Gibraltar families have settled on the Spanish side of the border since it was reopened.

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#### **EUROPEAN NEWS**

### Young make a violent comment on dull West German politics

BROKEN plate-glass windows, burnt-out shops, damaged electricity pylons, and running battles with the police do not fit in with the orderly lives led by most West Germans. But violence, organised or random, has become an increasingly used outlet for youthful protest, as West Germany approaches its next general election on January 25 against a political background which a number of people of all generations find crushingly dull under the cosy but uninspiring Chancellorship of Helmut Kohl.

Not that there are any fringe

Secretary January h.

Swedien

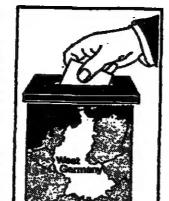
Not that there are any fringe Not that there are any fringe political parties or movements with the remotest chance of gaining enough votes to gain representation in Parliament. The ruling centre-right coalition is expected to be voted in again, with the Social Democrats and the Greens remaining in opposition.

But with around 2m people out of work, strong opposition to nuclear power before and (especially) after the Chernobyl

They are really people who are either jobless or with jobs that offer little money or prospects, he argues. "They have added an ideology to their own personal position," says Mr Cohn-Bendit, now aged 41 and living in Frankfurt. "It shouldn't all be taken too

seriously. It's an expression of seriously. It's an expression of conservative devertment in social crisis, but Germany is not about to slide into chaos. It's one of the most stable of economic change, he reckons countries." Politics, driven by the increasingly complex pressure of events, "has nothing exciting to offer."

Near the content of the conten



a superficial phenomenon." The conservative Government in Parls has been too stubborn in

which is a mixture of left-wing articles and comment and in-formation about entertainment disaster, and growing resent. Nor does he see the latest articles and comment and inthe quantities of student demonstrations in formation about entertainment so-called Chaoten and anarchists. Among the marchers were West Germany's inner cities,
pollutants tipped into the France as threatening any and events in and around have dug themselves deeply into about 100 masked demonstrahowever. Protests, often violent,
cherished Rhine, there is plenty fundamental changes there. "It's Frankfurt and Kassel. In it, he the local student scene. More tors, who clashed violently with have long occurred at nuclear

BY ANDREW PISHER IN FRANKFURT

coming election—
"Nothing," he wrote in a recent issue, "spreads more boredom than an election campaign whose outcome is clear long before the actual vote."

For those at the centre of recent outbreaks of violence.

For those at the centre of recent outbreaks of violence in some of West Germany's biggest towns and cities, the election is clearly a huge irrelevance. Broken windows, masked demonstrators and harried and taunted police have become a common sight on TV news bulletins.

In Frankfurt a few weeks ago, several hundred students marched through the centre in protest at the death of a student in the recent Paris turning the student in the recent Paris turning windows smashed, and police reported that small groups of masked rioters had mingled in the march and caused the damage.

In Goettingen, a traditional the East German border, the stocalled Chaotsu and anarchists have dug themselves deeply into

has already written off the coming election.

"Nothing," he wrote in a squite sure why, Goettingen recent issue, "spreads more has become a hotbed of damage in several of the city's alike. shops and stores.
Squatters have hit the head-

lines before in West Germany, outside Hamburg. In Frankfurt,

This year, the anti-nuclear thrust has taken a strange twist, one that has confused and irritated both industry and government. Electricity pylons have been sown down in remote country areas, leading to a change in the law to classify those who cause such damage

as terrorists.
There were around 100 attacks on plyons and power installations last year, far more than in 1985. Catching those responsible is hard, in view of the vast number of pylons, and protecting them is no easy matter either. It seems unlikely that this

month's election will resolve any of these issues, or that those involved for various reasons in violence or damage will change their tactics. In fact, the more stable, comfort-able and well-off West Germany becomes, the more young people may want to prod painfully at what they see as an increasing political and economic complacency.

### Prague will give more freedom to companies

By Leslie Colitt in Berlin

THE CZECHOSLOVAK leadership has outlined a programme to give individual companies greater independence to determine the goods they produce and how to sell them.

In an apparent contradiction In an apparent contradiction, however, central planning and management are also to be "strengthened." They are to deal mainly with implementing economic targets, though, instead of issuing directives to

companies.

The measures, which are to take effect in stages throughout the year, are part of a pro-gramme to "restructure the economic mechanism." They will only be applied fully when drawing up the next five-year plan from 1991 to 1995. The measures published last Friday measures pubished last Friday in Prague carefully avoided the word "reform" which is

anathema to the leadership. In 1981, Czechoslovakia an-nounced a "set of measures" to improve flagging economic performance but these were quietly buried last year.

Directors of companies to be given a greater role in "formulating and implement-ing" economic plans. They are to have more say in determining the type of goods produced an dmethods to market them. In addition, employees' wages are to be differentiated "according to final work results."

Companies which remain unprofitable over a long period can have their production "discontinued" and their workers "transferred" and "requalified." As a last resort, inefficient companies may lose their independence and be merced with others. The merged with others. The measures stipulate, however, that this must not be detri-

mental to workers. The present differing ex-change rates of the non-convertible Czechoglovak koruna are eventually to be unified and a form of convertbility regulated by the state is to be achieved.

The currency changes in Czechoslovakia are to be linked with plans to make the transferable rouble a convertible currency within Comecon. At present it is only a clearing account device which cannot care to present it is reasonable to transfer support to the control of the care of even be used to transfer sur-pluses in trade with one Come-

### Fighter companies to Public opposition to nuclear power increases in Italy set up Greek unit

BY ANDRIANA TERODIACONOU IN ATHENS

GENERAL DYNAMICS, General January last year. In an un-Electric and Westinghouse, the usual move Greece subsequently US suppliers of 40 F-16 fighter decided to buy the jets through aircraft and their components a direct commercial agreement to Greece, are to set up a business development company in Athens responsible for implementing investment, trade and ment agreement with the US. echnology transfer programmes to offset the \$940m cost of the

The final agreement for the purchase of the aircraft, covering offset benefits, was signed in Athens yesterday by the chief of the Greek Air Force General Staff, and a representative of General Dynamics. Delivery of the first F-16s is expected. pected next year and Greece will pay for the aircraft using low interest US military credits.

Greece appropried in 1984 that it would buy 40 F-16s and 40 Mirage 2000 fighters, the largest single weapons purchase in the country's military history. for the modernisation of its air force. A series of political hitches delayed Pentagon approval for the F-16 sale until

a direct commercial agreement with General Dynamics, rather than a government-to-govern-

The Economy Ministry noted yesterday that "the results of the agreement will depend on our ability to take advantage of the opportunities it creates."
Under the agreement the three US companies are to provide \$50m in capital over 10 years to finance the proposed business development company, starting this year with \$9.2m.

The Greek state, which will not contribute to the financing, will acquire 5 per cent of the shares, and have the right to appoint two of the eight direc-tors. Greek approval will be required for the implementa-tion of any programme pro-posed by the company, which is

#### BY JOHN WYLES IN ROME ITALIAN PUBLIC opinion

against the development of nuclear power has hardened considerably since the Chernobyl disaster, increas-ing the pressure on the politicisms to half the existing programme. This has emerged from an exhaustive pell for the Corriere Della Sera news-paper on the eve of a national energy conference which is

recommendations for government and Parliament.

Nuclear power is set to be a dominant issue in the coming months because of the Government's desire to avoid a national referendum. This a national referendum. This may have to be held by mid-summer if the political parties cannot overcome their divisions and agree a policy. In the meantime, the national conference which was due to start in Venice

tomorrow looks increasingly

tomorrow looks increasingly likely to be postponed for a fortnight because the preparatory work has failen behind schedule.

The poll reveals that 72.5 per cent would vote to abandon nuclear power if a referendum were held tomorrow. Since Italian referenda can only be used to amend existing laws, this would not be the choice offered later in the year if the referendum which

has garnered enough signa-tures actually goes ahead. It would, however, make nuclear power station construction much more difficult to accom-plish against local opposition.
At present, only 3 per cent of Italy's electric power is produced by nuclear means and the poll reveals that opinion is fairly evenly divided between those who would keep the three existing stations operating (39.8 per

cent) and those (41.7 per cent) who want them closed. Seventy per cent did not believe that nuclear energy could ever be made acceptably safe. But there is no majority, either, for relying on existing coal and oil powered stations. Italians apparently prefer a future based on renewable energy sources and 67 per cent are prepared to suffer some fall in the quality of life

### Commission seeks EEC-wide use of credit cards

BY QUENTIN PEEL IN BRUSSELS

THE EUROPEAN Commission
Is launching a campaign to exist between the sort of credit cards used in different member states. West Germany as throughout the Community, as part of the move towards a and Belgians more than 25m part of the move towards a mere \$50,000.

Huge discrepancies currently in Britain and France, with restricted by national regulations or administrative vices accepting electronic pay respectively at the end of 1985.

There were just 2,000 in West declares.

There were just 2,000 in Italy, and only 24 in the Netherlands, according to the Commission issuing organisations to get transparent and freely negoticals estimate there will be done, to make systems vocable;

The aim will be to have com-patible standards for cards using both magnetic strips and micro-chips, so that eventually expected to operate for 15 a single terminal on any cash years with the possibility of an desk should be capable of extension.

enco. while the British have a mere 850,000.

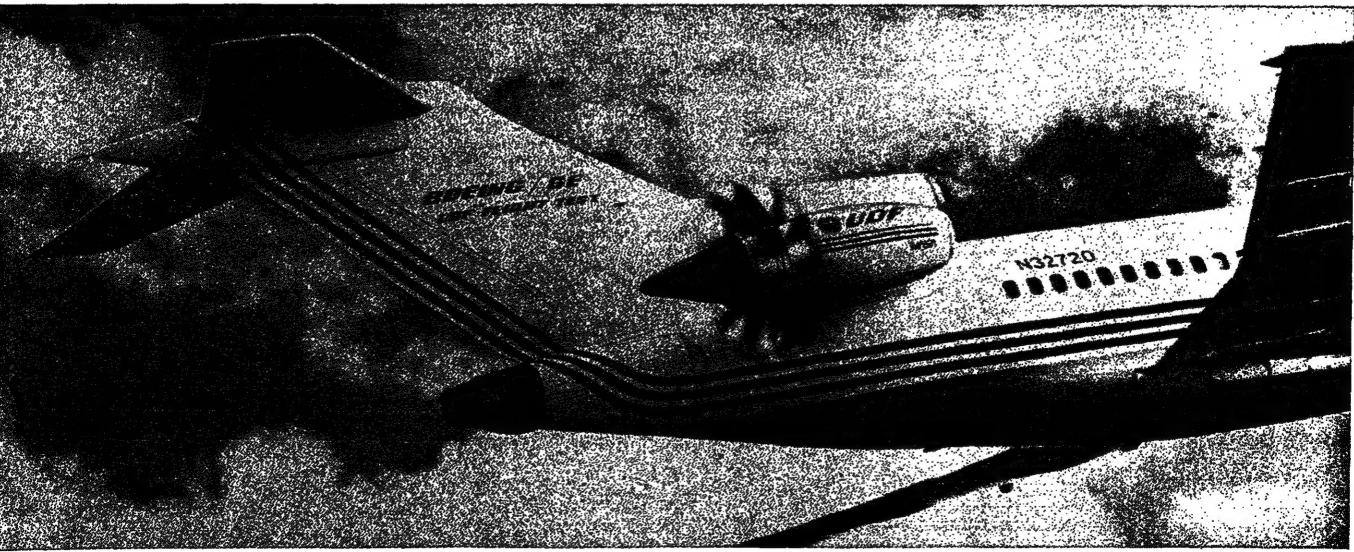
In comparison, there are more than 19m Visa and Access cards issued in Britain, compared with less than 500,000 in West Germany.

According to the Commission figures. In 10 years' time, officials estimate there will be a Community market of 80m cards, and 400,000 terminals, worth about Ecu800m (£584m).

"The use of these cards for the commission of the commiss

be done, to make systems vocable; technically compatible and protect information in data-

# with less than 500,000 in West Germany. Cash dispensers are the rage worth about Ecu800m (£584m). "The use of these cards for the conduct to govern relations of conduct to govern relations the Community must not be between the issuing banks, and cashdesk to accept all cards. Pugust 20, 1900: a turring point in aviation history.



That was the day a Boeing flew over the Mojave Desert USA. Nothing unusual maybe, except that it was powered by a revolutionary unducted fan engine.

An engine that will be fitted on Boeing's new 7J7. The aircraft that will replace the 727s, DC9s, and early 737s currently in service. It will fly as high and cruise as fast as today's jets, but consume far less fuel. This

will mean the airliner will have operating costs which are 8% to 10% lower than jets entering service later this decade.

It's destined for a brilliant future and Short Brothers in the UK are sharing in the development programme. Everything's going to plan for production to start in 1988 and for the aircraft to enter service in 1992.

But then what else would you expect from Boeing and its partners?

BOEING Getting people together.

ON New Year's Eve, the Lavi (Lion), Israel's ambitious, high-technology combat aircraft for the year 2000, leapt off the

drawing board and into the air on its maiden flight.

But two weeks later the costly

prestige project ran into heavy financial, political and military

turbulence, easting its future into serious doubt, Israel's military commanders

are voicing second thoughts about the Lavi, under mounting pressure from the Reagan Administration to choose a chesper option based on a US warplane,

and facing severe restrictions on the defence budget.

"I like the Lavi, but I can live without it," the air force commander, Lieutenant-General Amos Lapidot, said in an inter-

view. He warned that the pro-gramme could only so ahead if the Government committed substantial funds from outside

substantial funds from outside the defence budget.
Washington's view, ham-mered home last week by Dr Dov Zakheim, the deputy under-secretary of defence, is that Israel simply cannot afford the Lavi and the US will not pro-vide an extra cent in military aid to finance it.

aid to finance it.
Lt Gen Zakheim said the US

Li Gen Zakheim skid the US calculated the Lavi would cost roughly 45 per cent more to build than the \$550m a year which Israel has budgeted. He presented Israeli leaders with 19 alternatives, of which the most plausible was that Israel would build a version of the General Dynamics F-16, fitted with some of its own revolu-

with some of its own revolu-

### Intense fighting continues in Iraq-Iran war

INTENSE fighting around Shalamcheh, a border post on the Shatt al Arab waterway to the south-west of the city of Basir, between Iranian and Iraqi forces continued yesterday for the fourth day in succession, according to the war communiques issued by both Tehran and Baghdad.

A visit to the front by President Saddam Hussein of Iraq shown by Iraqi television, seemed to underline the gravity of the threat.

Iranian forces maintained their foothold on the Iraqi weeks' time.

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Iranian dayare contained the attack by three divisions, or 36,000 men, indicting heavy casualties.

Baghdad Radio said the survivors of the invading force had been bemmed in on the shores of Fisk Lake, the area phooded by the Iraqis a few Corps had suffered a "heavy years ago to stem any advance defeat." Tehran put the cumu-

flooded by the Iraqis a few years ago to stem any advance

at this sensitive point on the General Adnes Khairallah, Iraqi Deputy Premier and Minister of Defence, said in Baghdad yesterday the invad-Baghdad yesterday the invading force was "now engulfed in the killing zone of the 3rd Liberty carrying Kuwait fuel oil to Italy. It was hit in Gulf waters comfronted by "furious" Strait of Hormuz.

A wing tank was damaged

lah described as a "crematory." to but the vessel was able to prourged survivors

prender.

ceed under its own power. DamIn Baghdad the military said age was described as minor
the Iraqi Air Force had and there were no casualties.

### Afghan guerrillas silent on truce offer

LEADERS of seven major Afghan guerrilla groups made some progress yestermade some progress yester-day in talks concerning strategy ever the proposed ceasefire set to start in Afghanistan on Thursday, but they continue to insist pub-licly that Moscow should negotiate with them directly. Gen Najibullah, the Moscow-backed Communist leader of Afrikanistan has announced a

Afghanistan, has announced a unilateral ceasefire for six months from Thursday pro-vided the guerrilia groups

vided the guerrilla groups join the effort to end the war, now in its eighth year.

Mr. Mdhammad Nabi Mohammedi, of the seven party Islamic Alliance of Afghan Mujahideen, said several issues had been resolved and remaining issues would be discussed before Thursday. He refused to disclose any decision taken so far.

Mr Gulbeddin Hekmatyar, s leader of one of the major groups, Hizh-e-Islaml, said "It is preposterous to suggest the Afghan Mujahideen should arguan mujanideen should agree to a ceasefire while the Soviet troops are occupying our country or to expect us to join in a coalition government with the Communists in Kabul."

### Fear of Aids hits Kenyan

FEARS OVER Aids are beginning to hit Kenya's tourist sector, the country's third largest source of foreign ex-

change.

Hotels on the Kenyan coast report that up to 50 per cent of their bookings have been cancelled following recent articles in the West German press about the prevalance of Aids (acquired immune defi-ciency syndrome) in the area. West Germans and Swiss are West Germans and Swiss are the two largest tourist groups. Last week the British Mini-stry of Defence banned members of the Parachute Regiment, on manoeuvres in Kenya, from visiting the resort towns of Mombass and Malindi. Kenyan politicians have reacted augrily, suggest-ing that it was nave of a maliing that it was part of a maliclous campaign against the Kenyan tourism industry and

### Israel's Lavi fighter flies into heavy flak

BY OUR FOREIGN STAFF



Doubts grow over the future of the costly Lavi fighter

this solution would meet military requirements and release much-needed funds for other weapons projects.

Privately, they doubt whether

Frivately, they doubt whether Israel really needs or could afford to fly the 240 to 300 Lavis originally envisaged. While the Lavi is designed primarily as a stake aircraft, Israel's air strategy will remain based on air-superiority fighters, they say they say.
But if the air force were to

scale down its requirement to a more realistic number, say 150, the unit price of the aircraft would soar further. Already some \$1.2bu has been spent on development, although most of this was US taxpayers money. If the military, hard hit by budget cuts and short of money for basic training, is prepared to sacrifice the Lavi, the same does not seem to be true of Israel's politicians.

For them, particularly in the right-wing Likud bloc which launched the project, the Lavi is more than just an aeroplane tionary avionics.

—it is a potent national symbol,
Senior defence officials say a test case for the technological

That, too, is the argument of Israel Aircraft Industries (IAI), the state-owned manu-

facturer which, as Israel's largest industrial employer, has considerable political clout. IAI estimates that around 4,000 of its 22,000 workforce are employed on the Lavi project and the figure would rise to 6,000 in the 1990s when the air-

"Israel's aerospace industry is at a turning point today," an IAI executive involved in the Lavi project seld. "We have to decide as a nation on a pernament war footing whether we stay in the big league or not, with all that that entails for industry, employment, technology and security."

Most of the alternatives would provide substantial work for Israeli companies, but the level of technology would not necessarily match the Lavi project, for which Elbit Computers has developed unique cockpit data - processing computers craft goes into production.

and industrial future of this designed to give the pilot only absolutely essential information.

That too, is the argument of Beyond the technological and jobs arguments, some of the Lavi's advocates claim that dropping it would embolden Israel's Arab enemies.

The Levi presents difficult choices for Israel's shaky national unity government, which includes no fewer than five current and former defence ministers—Mr Yitzhak Rabin, Mr Shimon Peres, Mr Ezer Welzman, Mr Ariel Sharon and Mr Moshe Arens. Mr Moshe Arens.

Two of the five, Mr Sharon

and Mr Arens, are contenders to succeed Prime Minister Yitzhak Shamir as Likud leader. Both fiercely support the Lavi. On the other side of the political fence, while Mr Weizpresent Defence Minister Rabin have their doubts about the plane, Mr Shimon Peres, the Labour Party leader, still trumpets it as a project of paramount national importance Most

a Palestinian guerrilla position yesterday in their third raid on Lebanon this year, the Israeli army said, reports Reuter from Tel Aviv.

Israeli warplanes attacked

The army said the planes attacked a building southeast of Sidon in southern Lebanon used by a Palestinian organi-sation for storing weapons and ammunition.

are deeply imbued with the belief that, given Israel's unique security situation, "nothing's too good for the army."

So neither major party wants to be first to propose sacrificing the Israeli plane for an American alternative. But if anything can overcome the political deadlock, it is the immediacy of the cost problem.

The Lavi is swallowing a growing share of the Sistem annual US military aid and Washington has told Israel figity there will be no extra grant

"We have severe difficulties making ends meet within the current support structure and the Lavi takes a very significant portion of the support," said General Lapidot, the air force

paramount national importance. budget. If the decision is that
Most Israeli politicians, this is not a national project,
regardless of party allegiance, it should be dropped," he said.

### Chun warns opposition over constitution battle

BY MAGGIE FORD IN SEOUL

PRESIDENT Chun Doo Hwan of South Rorea yesterday warned opposition politicians that he would have no choice but to make a "grave decision" what type of elections should to ensure political progress if be held later this year. The talks were unable to reach a ruling Democratic Justice Party favours constituency voting on they were unable to reach a consensus with the ruling party on amending the country's con-stitution in advance of elec-

tions.

Delivering a wide-ranging the opposition is campaigning new year message, which included new plans to boost the economy, he reaffirmed his pledge to step down from the political progress, President presidency in early 1988, but Chun pointed to South Korea's expressed his "chagrin" at the

favours constituency voting on the British parliamentary model with a Prime Minister chosen from the winning party, while

It said Iran's elite Presiden-tial Guard had entered the battle after the Third Army Corps had suffered a "heavy defeat." Tehran put the cumu-

lative toll of Iraqi casulaties, dead and wounded, at 15,000

since the current flare-up began.
A missile fired by an Iranian

war ship yesterday hit the 83,935 deadweight ton Liberian

# tourist industry

By Andrew Buckoke in Nairobi

denying that Aids is a prob-

### Mozambique cabinet reshuffled

BY ANTHONY ROBINSON IN ICHANNESBURG

minister, Mr Sergio Vieira, bas been sacked along with the gov-ernors of Tete and Zamberia provinces in a Government re-shuffle announced after the con-clusion of a five day meeting of the ruling Frelimo party central

taken over the key security port-folio while Mr Vieira has been dropped from the cabinet and given only a minor post as dir-Mczambiczn National Resist-

THE MOZAMBICAN security ector of the party cadre school, ance (MNR) rebels on a hydro comment on the reshuffle but police station at Monopo, which the removal of Mr Vieira, deprived the nearby provincial regarded in S. Africa as one capital of Nampula, and its of the most dogmatically proSoviet members of the Frelimo

Replacement of the two pro-Government, could lead to closer co-operation between the two governments on all-import-ant security issues.

the ruling Frelimu partices the ruling Frelimu partices in Maputo.

Mr Pascual Mocumbi, the former Minister of Health, has been appointed as the new Minister of Foreign Affairs, the post formerly held by President Joaquim Chissano who succeeded President Samora Machel, killed in an aircrash on South African soil on October Machel, killed in an aircrash on South African soil on October 19.

Mr Mariano Matsinhe, a "transferred" back to ANC headquarters in Lusaka on Friday.

Pretoria has made no official power station, hospital and

Replacement of the two provincial governors also reflects their failure to wage a successful counter-offensive against MNR rebels who, despite denials from Pretoria, are believed to receive clandestine South African military support.

Last month President Chissano reaffirmed his commitment to the March 1984 Nkomati accord with South Africa under which Mozemblque undertook to re-strict the activities of the ANC in return for an understanding that Pretoria would end its sup-port for the MNR and resume normal political and economic

### Shultz holds Lagos talks with Nigerian leader

BY OUR FOREIGN STAFF

MR GEORGE SHULTZ, the US Secretary of State, yesterday held talks with Nigeria's military leader, General Ibrahim Babangids, during a 10 hour visit to Lagos, the fourth stop of a six nation African tour.

Mr Shuitz, who was due to hold a press conference last night before flying to the Ivory Coast, was thought to have dis-

Coast, was thought to have discussed the current condict in Chad, explained US policy towards South Africa, and expressed US concern about the involvement of Nigerians in drug trafficking to the US.

He was also expected to pledge US support for Nigeria's wide-ranging economic reform programme, which adopts policies advocated by Washington, In the course of his tour Mr Shultz has urged African countries to adopt free market economic measures.

Officials travelling with Mr Shultz said Nigeria's ban on US wheat imports would also come under discussion. Last year Nigeria banned wheat imports in an effort to encourage pro-duction of local staple foods and cut imports, US wheat sales to Nigeria were worth \$225m in

Nigerian newspapers have given Mr Shuitz a hostile reception. "Your government's policy of 'constructive engagement' with racist South Africa is 'baffling' the Guardian said. Mr Shultz is likely to respond

for the call by Prof Bolaji Akinyemi, the Nigerian foreign minister, for France and the US to halt military shipments to Chad, by reasserting what Washington sees as the need to curtail Libyan activity in the

### **AMERICAN NEWS**

### **New White** House spokesman

### Foreign Office denies contacts

with Argentina By Our Foreign Staff The British Foreign Office

yesterday strongly denied reports of indirect contacts between Britain and Argentina to reduce possible conflicts when the new 150-mile fisheries conservation zone round the Falkland Islands comes into force on February

The denial was issued after serior Government officials in Buenos Aires said at the weekend that indirect contacts between Argentina and Britain had been taking place on the fisheries issue,

# over academic reform

BY DAVID GARDNER IN MEXICO CITY

# Mexico faces unrest Ford chief

By Stewart Fleming In Washington

MR MARLIN Fitzwater, a vetera government information officer who has spent the past year as you keeman for vice president George Bush will be taking over from Mr. Larry Speakes as President Ronald Resgan's chief spokesman, the Mr. Harvester 42, has a reputation as being an approachable and knowledgable official. He was depay by White House press secretary for domestic policy from September, leading to the same of the supples of first department when Mr. Donald Regan, the current White House press secretary for domestic policy from September when Mr. Donald Regan, the current White House press secretary for domestic policy from September in the secretar

# Venezuela oil estimates

VENEZUELA'S estimate of five leading countries in oil crude oil reserves, at 55.5bn reserves were: Saudi Arabia barrels puts it in fourth place (168.8bn barrels); Kuwait in world oil reserves, taking (89.8bn barrels); USSR (61bn); into account figures in British in world oil reserves, taking into account figures in British Petroleum's statistical review of world energy last June.

The change in oil reserve status, announced by the Government, could have an important impact on Venezuala's zuela said its proven reserves role in the Organisation of were 28.5bn barrels, but raised Petroleum Exporting Countries its published reserve figure to and on the way international 55.5bn barrels in December 1986

put it fourth in world league BY JOSEPH MANN IN CARACAS

> Mexico (49.3bn) and Iran (47.9bn). Oll reserve estimates published by other sources may vary.

At the end of 1985, Venebanks rank its potential for repaying debt and obtaining new
foreign loans. Venezuela
formerly was in ninth place in
world oil reserves.

RP's 1986 estimates say the previously counted.

### in warning to Japan on fair trade

appointed. Mr Poling said, because the yen remained well below the level required to "place an accurate value on Japanese goods in the US market."

#### Minister sacked in Jamaica

MR DOUGLAS VAZ, a junior minister for Industry and Commerce, has been sacked by Mr Edward Seaga, the Jamaican Prime Minister, to whom he had written a blestyles. had written a letter objecting to aspects of a new agreement with the International Monetary

Mr Vaz, Industry and Commerce minister until he was demoted in a Cabinet reshuffle two months ago, said the agreement with the fund would damage the island's business community through removing incentives granted over the past

Doreen Gillespie in Lima on the progress of the economy

### Garcia stays on path to growth

THE Peruvian Government of President Alan Garcia remains committed to a policy of high growth after 18 months in office in spite of a growing drain on

The drain on reserves, furthermore, is occurring even though the Government con-tinues to pursue a policy of restricting service of its \$13.7bn foreign debt to 10 per cent of

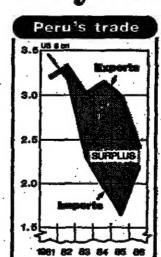
coreign debt to 10 per cent of exports.

On the latest projections the Government is consident that in the last year the economy grew 8.5 per cent. This is higher than originally expected and higher than any other country in Latin America architecture. try in Latin America outside Brazil. President Garcia furthermore recently predicted that the economy would grow on average

6 per cent through 1990.

President Garcia's justification for this policy of high growth is basically political. He believes that only through raising the incomes of the low paid and reactivating demand will the country be steered away from the political instability. from the political instability caused by the fanatical Maoist caused by the ranatical Magist guerrilla movement, Sendero Luminoso (Shining Path) and the disaffected urban poor who conglomerate in and around the capital, Lima. At the same time he continues to argue that only with a revitalised domestic with a revitalised domestic economy can Peru begin to service properly its foreign debt. In purely political terms, this policy was vindicated by the positive results for the ruling American Popular Revolutionary Alliance (APRA) in the Novamber muricinal elections. positive results for the ruling and private investment.

American Popular Revolutionary Alliance (APRA) in the has been coaxing and bullying November municipal elections. However, the policy has had a price, especially regarding the overvalued official exchange try. Promised credit and tax rate of the luti against the incentives are slowly coming, dollar. Imports have been But the Government has given sucked in an reserves have an important indication of the plunged below the \$1bn mark



for the first time in three years, In early December reserves were down to \$976m against \$1.55m in March. Debt service has been running at around only \$45m per month.

only \$45m per month.

The Government has reacted to the fall with a finance packaged aimed at restricting imports and boosting exports through selective devaluation in addition to the pre-arranged devaluation of 22 per cent, due to start at the end of this month. The package, which has been emerging piecemeal since the beginning of December, also relies heavily on attracting private investment. ing private investment.

certex (foreign exchange) tax refunds. The lowest exchange rates, halfway between the official base rate of 13.98 intis and the

base rate of 13.98 intis and the financial rate, are being paid to traditional exporters of oil and copper followed by other minerals and commodities like cotton, sugar, coffee and fishmeal. The theory seems to be that production cannot increase quickly and revenue is tied to sluggish international prices.

Last year's exports fell by \$500m on the 1985 total of \$2.9bn, reflecting both the low prices and the semi-frozen ex-

\$2.9m, reflecting both the low prices and the semi-frozen exchange rate since August 1985. Imports, including an increase in manufacturing inputs and capital goods as well as basic foodstuffs to cover shortages, left only a marginal trade balance last year.

The Government will continue The Government will continue to use the base rate for imports of wheat, milk powder and other basic foods, medicines, newsprint and some agricul-tural inputs. All other imports

en shifted to the financial rate.

in the package, mainly through selective devaluation announced by President Garcia at the beginning of December.

The highest exchange rate, including a 20 per cent home over the financial rate (currently 17.40 intits to the dellar) is to be paid to ishour intensive industries which, by using lecal raw material, require the least dollar expenditures.

Manufacturers of cotton, woollen and alpaca garments, canned fish and shell fish, agroindustrial products and gold handicrafts will be getting 22.52 intis to the dollar including certex (foreign exchange) tax

government plans to sell up to \$400m worth of state shares in some of the more attractive state business ventures. There has been immediate political opposition to the proposal from left wing politicians.

The Government does not street the proposal from the control of the proposal from left wing politicians.

The Government does not expect a rush of buyers, but it is considering putting a package, including state holdings in cement companies, regional electricity corporations and the Benuezventura Mines on the Lima Stock Exchange, where it hopes to raise \$100m. There are designated for national defence, \$200m is authorised for imports needed for production of like Petroperu, Electroperu or public utilities companies no plans to sell large companies which together have lost \$500m it is year. Neither are there likely to be any offers.

There is little doubt that President Garcia will succeed in raising the funds necessary from industry to raise the expansion he is seeking although perhaps not the \$100m to \$500m he hopes. Independent analysts—who underestimated last year's growth — are also close to backing Prepident

cial rate.

Meanwhile Congress, which has approved financing legislation for the 1987 budget, has

### Shell confirms promising gas find in Peru

ROYAL DUTCH SHELL has despite the Garcia Government's at the end of next month, confirmed promising gas discoveries in Peru's central southern jungle where it has spent \$180m (£122m) in exploration over the past five years.

It is going ahead this year Shell's latest well, the with two more exploratory wells and an economic study on whether it can use the finds pany is preparing a second well at the end of next month, hoping to verify an oil leg under the gas.

Shell's study, to be completed under the gas.

Shell has already found large the find is east of the Andex, requiring a trans-Andean pipeline to the southern coast, at an drilled in 1984 and 1986. It alternative market could be become at the end of next month, hoping to verify an oil leg under the gas.

Shell's study, to be completed in the find is exploring every possible use of the find is east of the Andex, southern jungle with two wells, the Segakiato and San Martin.

Cashiari tested at between 20m and 30m cu ft a day. The companies these reserves at Brazil where Occidental Petro-leum pipes gas from Bolivia

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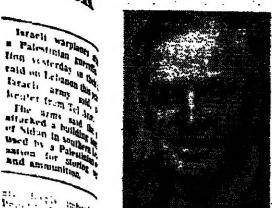
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### Queensland PM seeks coal deal in Turkey

By Chris Sherwell in Sydney

SIR JOH BJELKE-PETERSEN, Premier of the Australian
state of Queensland, has flown
to Turkey in a hid to secure a
\$1.5tn (£1.02bn) thermal powerstation deal which will use
Queensland Coal.
An Australian-based consortium with Chiyoda of Japan as
main contractor is in competition for the contract with others
led by Bechtel of the US and
Brown Boveri of Switzerland.
Under the proposed deal, the Under the proposed deal, the Queensland Government would take a \$70m equity stake in the project in return for long-term

guarantees for the use of Queensland coal.

If it goes through, Sir Joh says up to three new coal mines could be opened in Queensland, involving thousands of jobs, to meet exports of 3.5m tonnes of

coal a year. The Turkish Government would also take a stake in the

Apart from a \$1.5bn power station to be built at Gazi in southern Turkey, the project involves the construction of a deep-sea coal port at Iskenderun Others in the Australian-based consortium are Seapac, a Sydney company, and Westinghouse of the US, which would be the subcontractor for some of the work and have responsibility for operation and maintenance of the power station. 

> Saudi visit for Channon Mr Paul Channon, the British
> Trade and Industry Secretary,
> will start a three-day visit to
> Saudi Arabia on Friday, the
> Department of Trade and Industry said yesterday, Our
> World Trade Staff writes.
>
> Merean yarus mure campentive.
>
> The backing of foreign
> erders at end-1986 stood at 72
> ships totalling 2.69m gross
> tons, against 123 ships totalling 2.84m tens a year earlier,
> tiley said.

the power station.

# leaders warn EEC over dumping duties

JAPAN'S powerful Keldanren, more than \$25m, provide more the confederation of business than 72,000 jobs.

The letter is highly unusual to extend European anti-dumping duties to the heads of state and top officials of all EEC countries.

It would primarily affect the suggests the proposed legislation would contravene the Genequipment and construction equipment plants in Europe.

The Keidanren letter says the proposed legislation would contravene the General Agreement on Tariffs and Trade.

A Keidanren offical yesterday added: "Japanese manufacturers are keenly interested in vestment by Japan into Europe, investing in Europe, but this will cut back on their investments in Europe, worth

Shipyard orders for S Korea up 200%

FOREIGN orders placed with South Korean shippards rose to 2.25m gross tone in calendar 1986, nearly 200 per cent above the 771,800 tons reported in 1985, officials of the Korean Shipowners'

reported in 1985, officials of the Keram Shipowhers' Association said, Reuter re-ports from Seoul.

The value of the 1986 orders more than doubled to \$1.07hm (£726m) last year from \$52hm in 1985, they said.

The officials said the rise was due mainly to the strong yen, which made South Koream yards more competi-tive.

# markets to sell its national car

BY WONG SULONG IN KUALA LUMPUR

MALAYSIA'S national car, the Proton Saga, has proved its technical competence after 16 estimated at around 45,000 months on the roads. As elegant units, compared with 65,000 as any Japanese car, it is desperately seeking export markets as the domestic market suffers its worst contraction.

The recreate fee the Malaysian car project was launched in 1982, the local market was summed in 1982, the

The prospects for the Malaysian car market are so depressed that Mitsubishi, the Japanese partner in the Malaysian car project, has recently expressed doubts over the future of the

The Mitsubishi group's con-cern arose when sales of the Saga fell to below 800 units last August, following a hefty price increase. Sales later recovered to around 2,000 units when the

to around 2,000 units when the prices were lowered.
Perusahan Otomobil Nasional Proton, manufacturer of the Malaysian car, has signed up with agents to export the Saga to the British and US markets. But sales to these countries are not expected to begin until 1988, after the car has complied with various tests and reguwith various tests and regu-

lations.
Mr. Malcolm Bricklin, chairmar marcom sucken, char-man of Bricklin Industries, the US distributor, is confident of selling as many as 100,000 Sagas in the US a year. Bricklin pre-viously launched the Japanese Subarn and Yougoelevia's Yugo in the US

in the US.

But Proton officials will have to be content with less attrac-tive markets such as Bangla-desh, Sri Lanka and Papua New Guinea. for the immediate

Guinea. for the immediate future.

Proton is 70 per cent owned by Hicom, the Government's Heavy Industries Corporation of Malaysia and 30 per cent by Mitsubishi Corporation and Mitsubishi Motors.

The car project, which cost around Ringgit 600m (\$230m) is a centrepiece of Prime Minister Dr Mahathir Mohamad's plans to push Malaysia into the

plens to push Malaysia into the ranks of industrialised nations. He envisages a wide range of industrial spinoffs from car

manufacturing.
Since Proton started selling its cars in September 1985, the Saga has captured half the Malaysian market. It comes in a 1300cc and a 1500cc version and is sold at between Ringgit 19,000 and Pinggit 22 000 127 200 and and Ringgit 23,000 (\$7,300 and \$8,850).

When the Malaysian car project was launched in 1982, the local market was projected to grow by a healthy 8 per centannally.

Proton has had to curtail its

Proton has had to curtail its production. According to original projections, Proton should be turning out about 50,000 Sagas for 1967 but it is unlikely that more than 25,000 units will be produced.

Because of the small production volume, the Saga will continue to be heavily subsidised.

Another problem facing the Malaysian car is the strong Japanese yen, which has appreciated some 60 per cent of the Saga's value, not to mention the huge yen loans taken to build the car plant outside Ruala Lumpur.

The Proton Saga so far has the Proton Saga so far has been slow in fulfilling Dr Mahathir's hopes of manufacturing spinoffs. At a recent meeting with Mr Tengku Razaleigh, the Trade and Industry Minister, local car parts manufacturers comparts manufacturers com-plained Proton was applying too stringent conditions, with the result that few local sup-

pliers could meet the quality One angry supplier said:
"Proton wants us to meet their standards before making orders, but unless we have the

orders, how is our factory going to survive?"

Proton is also facing criti-Proton is also facing criti-cisms from local car assemblers who accused the Malaysian national car of unfair competi-tion. Imported parts for the Saga are exempted from duty, while Malaysian car assemblers have to pay heavy duties for their CKD (completely knocked dame) are assembly him.

The seven car assemblers have been forced to retrench and at least three assemblers of Japanese models have

temporarily stopped reduction to clear unsold stocks.

Despite the gloomy prospects, the Malaysian Government is confident of the future of its car project. Until the apprecia-tion of the yen, Malaysia had won itself a cheap car industry. The prolonged Malaysian recession, which has severely contracted the car market, has put the Saga into jeopardy.

According to the Malaysian tion of the yen, Malaysia had won itself a cheap car industry. But to survive now without heavy subsidies, the Proton Saga must fight for a good share of the foreign market.

### Japanese business | Soviet export demand limits joint ventures

THE Soviet Union only expects initially to sign agreements for ten or 12 joint ventures with Western companies, senior Western diplomats Soviet foreign trade was restructured

My Mikhail Gorbachev, the Soviet leader.

In talks between Western companies interested in joint ventures and Soviet officials the main obstacle to emerge is should be through import substitution. Joint ventures would schemes through exports to the West while Western companies of the Soviet while Western companies are ploint ventures as selling to the Soviet market itself.

Soviet inficials insist that Soviet officials the fine Soviet officials the make goods within the Soviet want to earn hard currency and the hard currency profits of the foreign partner being they want to earn hard currency.

The idea of ioint ventures as selven the seven and seven the seven and seven the seven the soviet for the project.

West of products made by joint with Western companies its authority to 21 industrial ministries and 72 state enterprises from the beginning of the spread form foreign banks.

Meanwhile a major project, the spread early last year partly ministries and 72 state enterprises from the beginning of the spread early last year partly in response to the fall in Soviet officials the main obstacle to the Soviet Union between 80 and 85 per cent of arms of the foreign trade of the spread early last year partly ministries and 72 state enterprises.

Meanwhile a major project, the spread early last year partly ministries and 72 state enterprises from the beginning of the spread early last year partly ministries and 72 state enterprises.

Meanwhile a major project, the spread early last year partly ministries and 72 state enterprises from the beginning of the spread early last year partly ministries and 72 state enterprises.

Meanwhile a major project, the spread early last year partly ministries and 72 state enterprises from the beginning of the foreign trade of the spread early last year partly ministries and 72 state enterprises from the paginning of the foreign trade of the spread early last year partly ministries and 72 state enterprises.

Meanwhile a major project, the spread early last year earlings from foreign trad

An institute to help Soviet companies and ministries grapple with marketing problems following recent foreign trade reforms, has been set up in Mescow, Tass amounced yesterday. The Institute for Foreign

Economic Links will provide than 20 ministries and 70 enterprises which since enterprises which since January I have had the right to conduct foreign trade with Western markets indepen-dently.

Prof Igor Faminsky, the institute's director, told Tass would seek to improve the Soviet trading position, one of the first to be studied being

ministries, say Soviet Trade officials.

The Soviet foreign trade gap which opened alarmingly last year, may be reduced by the rise in the world oil price. Soviet officials have made clear, however, that they would not bridge the gap by long-term borrowing

### Moscow close to power plant accord with Delhi

tant to accept an offer from the Soviet Union to build nuclear power plants in the country, the stage is set for large-scale Inde-Soviet col-laboration in other forms of

laboration in other forms of electricity generation.

After three days of talks between Mr A. I. Mayorets, the Soviet Minister for Power and Electrification, and Mr Vasant Sathe, Indian Energy Minister, it was announced yesterday that

deals had been discussed for the construction of at least five big power projects by Russia.

These would be a super thermal plant at Bakreshwar in West Bengal, at least two major thermal plants at pitheads in Tamiliadu and Bihar and eo-operation in laying a 400 KV transmission line from Srinagar to Dulhasti in the state of Jammu and Kashmir. The existing

plant at Vindyachal is to be

These are in addition to the 2,400 MW hydro-power com-plex at Tehri in Uttur Pradesh that Moscow agreed to build an a turnkey basis when Mr Mikhail Gorbachev visited India last November. Financing of the projects

should not be a problem as the Soviet Union has extended

past year. Both are meant to ment from the Soviet Union to India for Soviet-aided projects and so far have remained

largely unused. There are severe current electricity shortages in India hampering industrial production in most parts of the country. New plants that can be commissioned quickly are badly needed, as is a national power grid and Moscow has offered to help in setting this

The Soviet Union has been seeking bik, prestigious projects in India as it has been a long time since it helped set up the big steel and heavy engineering plants in the 1950s and 1960s. Many of these are now obsolete and making losses and India has turned to Western companies for new technology in these

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### Costs rise points to higher retail price inflation

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

and raw materials jumped sharply in December for the second successive month, largely due to a seasonal increase in electricity charges. trend in costs seen since the middle

casts that Britain's retail price inflation will rise steadily this year, although so far manufacturers have absorbed most of the additional costs without putting up their facto-

ry gate prices.
The Department of Trade and Industry said that manufacturers' input costs rose by 2.1 per cent in December following an increase of 2.6 per cent the previous month.

Officials said that the latest rise was almost entirely due to the normal increase in electricity costs at this time of year, and pointed out that the seasonally-adjusted index actually fell by 0.6 per cent in De-

Because of the steep drop in the oil price at the beginning of the 1986 and the general weakness of international commodity prices, costs last month were still 3.3 per cent lower than a year earlier. That figure, however, compares with the annual fall of over 10 per cent seen in mid-1986, which is now generally regarded as marking the trough of the present inflation cycle.

factory gate prices last month was a month

THE COST of manufacturers' fuel much more modest 0.3 per cent, leaving the annual rate of change at 4.2 per cent, the same as in Novem-

The rise continued the upward federation of British Industry, however, suggest that manufacturers plan to pass on more of their cost months, which would push up the retail price index.

At present retail price inflation is running at an annual 3.5 per cent. The Treasury's forecast suggest that it will peak at just over 4 per cent in the summer before falling back to 3.75 per cent at the end of

Other forecasters, however, are not so optimistic, with most sugting the rate will reach closer to 5 per cent, particularly if the recent rise in oil prices is sustained.

Petrol price increases announced by the major oil companies over the past few days will feed directly into retail price inflation during the next

 Demand for consumer credit fell back slightly in November but re-tail spending in Britain continued to break new records, according to official figures The Department of Trade and In-

dustry said that £2.6bn of new credit was advanced by finance houses and retailers and on bank credit cards during the month. That com-The increase in manufacturers' pared with £2.8bm in the previous

### Merger clearance for Peat Marwick-KMG

BY OUR FINANCIAL STAFF

THE DEPARTMENT of Trade and Industry (DTI) has cleared the pro-posed merger between Peat Mar-wick Mitchell and KMG Thomson McLintock. The merger, announced last September, will create the UK's largest accountancy firm.

The clearance applies only to the UK operations of the two firms, eign operations will need separate approval where this is required.

A Peat Marwick spokesman said last night that the DTTs decision had removed the final restraint on the merger, which is now expected to be completed on April 1. The combined firm will have fee income approaching £200m and 428 part-

The DITs statement yesterday said that the decision should not be interpreted as necessarily indicative of its attitude towards other ac-

### MPs give tribute to Master of **Parliament**

By Ivor Owen

TRIBUTES WERE paid from all quarters of the House of Com-mons yesterday to Lord Stock-ton, formerly Mr Harold Macillan, who died on Decembe 29, aged 92. He was the Master of Parliament, whose political aims retained their relevance through and beyond the six decades that

They were led by Mrs Margaret Thatcher, the Prime Minister, who in describing him as a man of courage, determination, wit and compassion did not dwell on her own antipathy towards the Keynesian policies, he consistently advocated.

She recalled his dominance in the Commons in the early years of the 1959 parliament when she first entered the House, and his brilliant speeches in the House of Lords after becoming the Earl of Stockton at the age of 90.

Mrs Thatcher acknowledg that up until the time of his death Lord Stockton kept his eye "firmly and positively on the fu-ture. He showed generations to come how to grasp the opportu-nities of the future while never lorgetting the legacy of his past,"

Mr Neil Kinnock the Labour leader, insisted that Mr Macmilian would not have expected the tributes - traditionally paid to former Prime Ministers on the first occasion parliament meets after their death - to take the

He maintained that while his period of office as Prime Minis-ter had been a time of rising afance and confidence in Britain it was also true that opportu-nities had been missed and changes avoided.

Mr Edward Heath, who served Mr Macmilian as a Cabinet col-league before becoming Prime Minister himself, said that history would eventually form a judgment on his career. He did not expect this to accord with what he termed "the rather superficial judgments made shortly after Mr. Minemillan resigned as Prime Minister in 1963, and which, 20 yeats later, were being revived.

### INTERNATIONAL LABOUR CONFERENCE DISCUSSES WORLD'S LARGEST COMPUTER COMPANY

## IBM 'poses biggest challenge to unions'

BY PHILIP BASSETT, LABOUR EDITOR

SECURING union representation in IBM, the world's largest compuper company, is the "labour equiva-tent of putting a man on the moon." a special international trade union conference on Organising In The

Company was told yesterday. The conference was the first of its kind and was organised by three international union federations, the IMF metalworkers, FIET white-collar workers and PTTI communication workers. Its main aim was how to establish union organisation in the predominantly non-union company, where only about 2.5 per cent of its employees worldwide are union members.

The conference in London has union representatives from 22 countries, and its proceedings are being translated into eight languages.

Introducing it, Mr Herman Reb-han, IMF general secretary, said that because IBM had so successfully kept out trade unions it had "become a symbol to those who see in the labour movement an unnecessary limitation of their own post-

Although IBM was by no means the only non-union company in the world, it was the "most notorious." He gave a warning that it unions "let this challenge go by default it will set the pattern for the whole of the new technology industries."
Unions would do so at their peril.

Echoing the stark realism of the duced for the conference report produced for the conference, he said: "I do not underestimate the difficulties. We are setting out to tackle one of the biggest jobs in the tion. Getting trade union represen-tation at IBM is the labour equivalent of putting a man on the moon." It was curious that it was in the new technology industries, which should be by their nature the most enlightened, offered the most resis-tance to trade union organisation. But he said that IBM employees "belong precisely to that new stra-tum of workers - technologists,

He equated IBM with the Conseryative Party in the UK: "Both subscribe to the elitist cult of the individual - the blue bloods as against wants of working people. Both want to see the labour movement emai-culated.

secretary, said that tackling IBM ca, who is chairing the conference, was a "particularly difficult trade union problem of critical concern to the invincibility aura" which such the trade union movement around the world." A breakthrough in building organisation in the company would be a "valuable advance."

Trade unions needed generally to break through in the information technology, sector - and trade unions could be valuable to people working in it: 'The people produ-cing the new technology have no less need for trade unions than their mothers and fathers."

In addition to the initiatives the unions are to take on freephone lines for IBM employees to find out about trade unionism, he proposed that the unions should establish an international information exchange

IBM UK said yesterday that it had no response to make on the conference itself. But it pointed out But unions traditional ap- that the company respected all rela-reaches to recruitment were "outdated and ill-suited to attracting the unions, works council rights and people who work in the high technology sector."

unions, works council rights and other aspects of industrial relations, and that it recognised the Mr Morty Bahr, president of the right for all its employees to belong unication Workers of Ameri- or not to belong to a trade unica

### Eurotunnel drums up support within British industry

CAMPAIGN to persuade British ompanies that they stood to benef-t from the Channel Tunnel was aunched yesterday by Euroturnel, the Anglo-French tunnel consortium, which this summer plans to raise £750m in a crucial internation-

Enrotumnel recognises it needs to raise its profile after its struggle to im from international in-

Failure to raise the £750m it needs this summer could jeopardise oan and standby credit agreements worth more than £5bn with around

The campaign launched yester-day by Eurotunnel and British Rail, which will be the tunnel's biggest costomer, forms part of a concerted drive by the consortium to increase public enthusiasm for what will be one of the world's largest ever con-

The survey has been devised partly to counter criticism that the tunnel will benefit south east England to the detriment of other le advantaged regions, such as the Midlands and the north of England. According to Eurotunnel a number of west coast ports, including Clydeside and Merseyside, are al-

which at present uses Rotterdam as its main port of entry to the Conti-

About 1,500 British companies including some of the largest expor-ters to the Continent will be asked to outline their transport needs after 1993 when the tinnel is due to

British Rail said yesterday that up to 70 per cent of goods from Britain using the tunnel would come from factories and warehouses outready investigating ways of using England.

### Firemen criticise tunnel safety

terday gave a warning that the pro- about the safety of people who posed Channel tunnel could become would travel through the tunnel the "longest crematorium in the and the fire crews who would deal world." They attacked the Govern- with any accident. A large loss of ment for trying to rush plans life in a train fire was a distinct pos-through and claimed that the tun-sibility, he said. ziel consortium's last consideration

tary of the Fire Brigades Union, stay with their vehicles. "People

LEADERS of Britain's firemen yes- said the union had serious doubts

Mr Robert Blackburn, former chief fire officer of West Sussex, at-Mr Ken Cameron, general secre- tacked proposals to let passengers

will ignore fire warnings," he said. Present plans allowed for a three feet gap between the cars and the sides of the carriages. This, said Mr Blackburn, would quickly become blocked by open car doors and peo

ple trying to escape from a fire. Mr Blackburn suggested that vehicles should be carried in sealed carriages at the rear, while passengers sat at the front of the train.

### US, British brokers offer joint service

BY HUGO DIXON

AURENCE KEEN, the UK stockbroker, and Pershing, the US stock-ing. broker, have created a new compa ny, Pershing Keen, which is said to be the first broker offering an equities clearing and settlement service in both countries.

The move towards an international clearing service is a conse-quence of the globalisation in securities markets. It is also a response to increased competition in Britain's financial services industry following last year's Big Bang deregu-lation of the City of London, which has made it more attractive for brokers to contract out their back-office work and so cut overheads.

client. The new company, Pershing Keen, has applied for membership of the London Stock Exchange and will open for business on February

Laurence Keen's own back-office team, with 60 employees, will transfer to the new firm and staff it; Keen's financial partner, Mr Chris-topher Langford, will be its manag-

wholly owned subsidiary of Persh-

The exact financial arrang which has encouraged Laurence Keen to part with its embryons husiness, has not been revealed by it is understood not to have received a hump-sum payment for doing so. Instead it will get a dischart on its own use of the clearing services and some continuing interes

in its profits Mr Van Burger, chairman of Fershing, said he expected new stockbroking firms arriving in London, which did not want to set up their own back office, to use the ser-vice. His firms' US clients would in

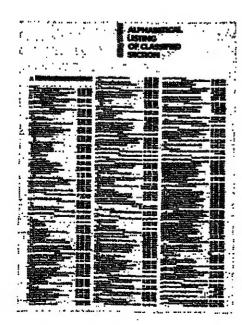
Pershing, which has one of the largest clearing services operations in the US with 500 clients, is taking a later stage to offer an equity transaction service, Mr Burger stiff. Pershing was also interested in offering clearing services in other stock markets around the world, although it had no definite plans.

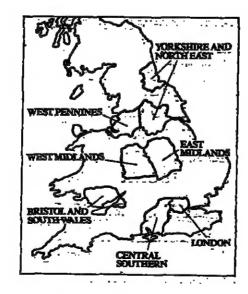
So far the clearing services bustness has been slow to take off in there are only two other brokers of fering them - Broker Services, a joint venture between Barclays Bank and NMW, and FICS, an ofing director. It will, however, he a shoot of House Govett.

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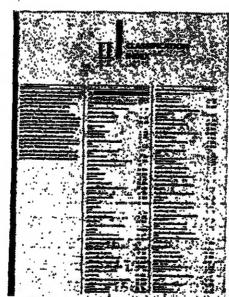


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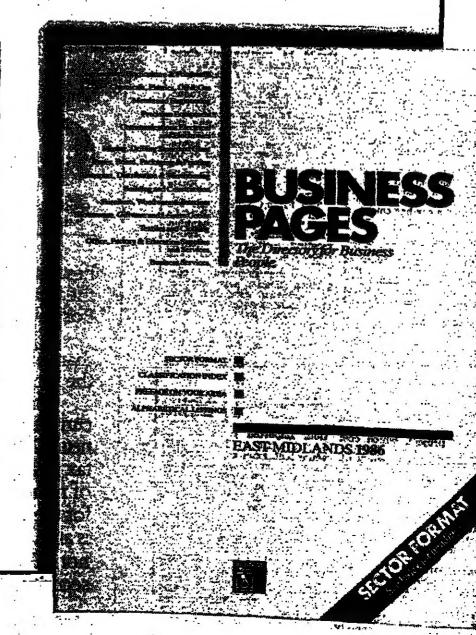
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ish broke nt service

Since the invention of the internal combustion engine, rust has been the motor car's No 1 enemy. And it was a problem Audi was determined to crack with the launch of the new Audi 80.

Over the years, car manufacturers (and Audi in particular) have come up with a number of highly-effective ways of keeping the demon rust at bay.

But rust plays a very long game.

Given time, it seems rust will get its teeth through any painted-on protective layer. Then go on to eat into the metal itself (along with the resale value of your car).

Alone, but for the notable exception of Porsche, Audi invested the money and resources needed to find a radical solution.



As a result, the very sheet metal from which the new Audi 80 is built is zinc galvanised. To a thickness of 8 microns. And on both sides.

If a stone flies up from the road and hits this car hard enough to chip through the paint, something extraordinary happens.

The zinc 'bleeds' over the bare metal and, in effect, heals the wound.

Of course, if you read the motoring press, you'll know there's nothing rusty about the new Audi 80 from any point of view.

Its drag factor of Cd 0.29 is a world best for the class.

And the options list wouldn't disgrace a car twice the price: four-wheel-drive, ABS, fuel injection, leather interior, one-touch electric windows, electric door mirrors and sunroof, airconditioning.

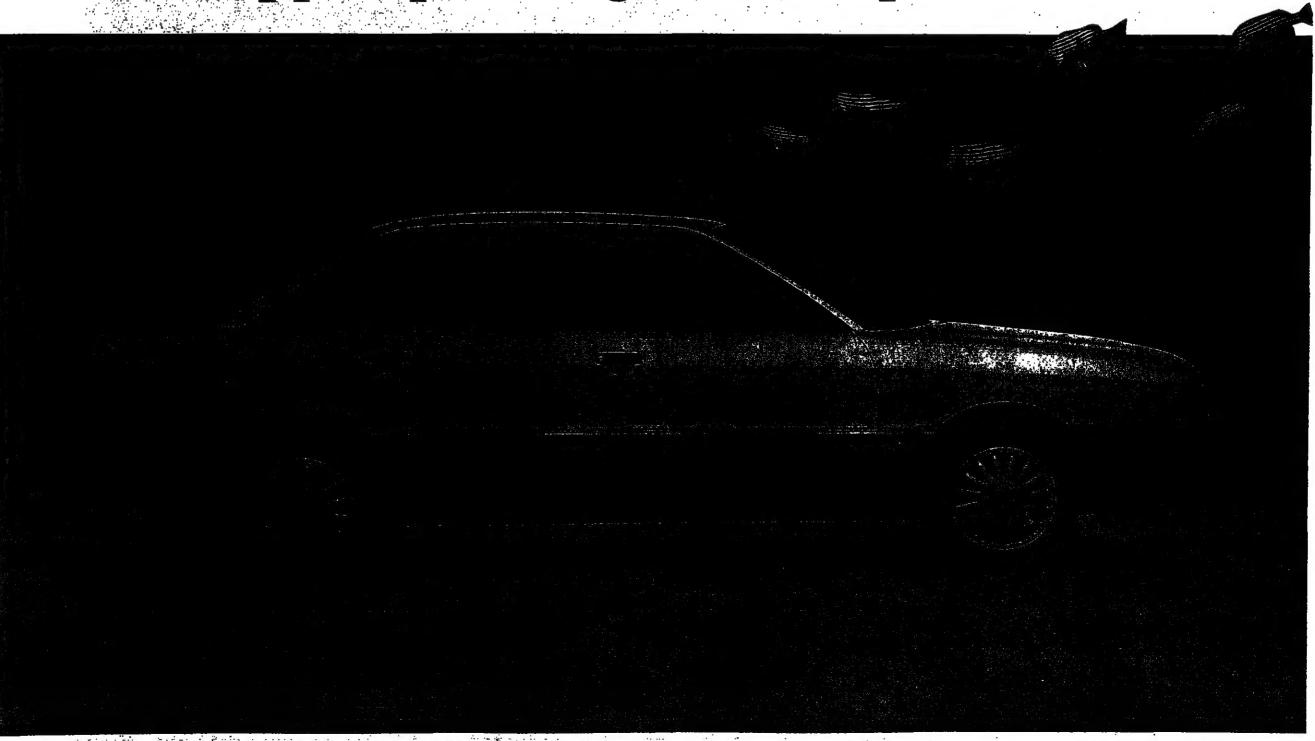
The new Audi 80 also offers one option not available on any other car in the world.

It's a safety system called Procon-Ten, invented by Audi, and it's designed to help you walk away from the head-on collision none of us likes to think about.

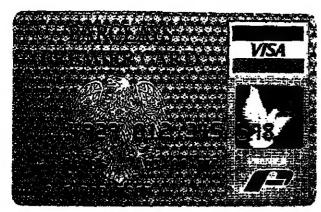
The new Audi 80: it makes other new cars look as if they have quite a few miles on the clock.

Rust: at last someone's stopped painting over the problem.

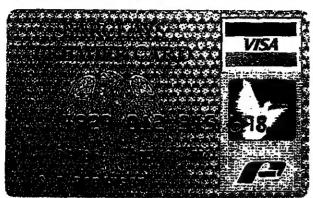




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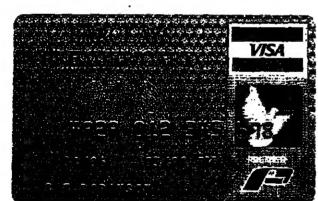
An optional unsecured overdraft of at least £7,500.



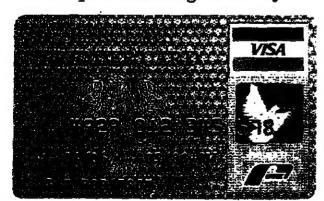
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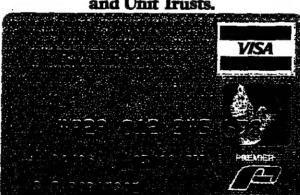
An overdraft at a preferential interest rate.



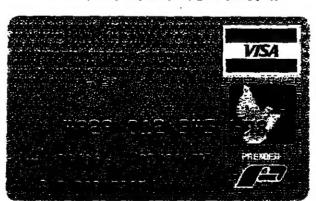
Up to US \$5,000\* cash facility if you lose the card abroad.



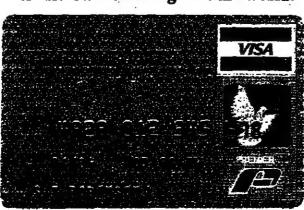
Use of Barclays de Zoete Wedd Shareline for deals in UK Securities and Unit Trusts.



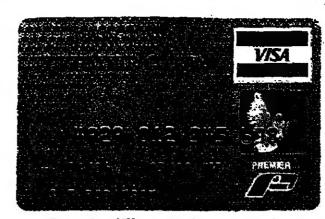
£1,000 worth of travellers cheques at 1 hour's notice at Heathrow.



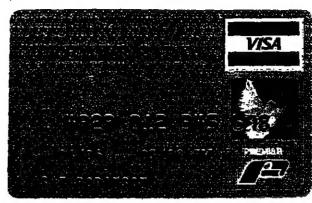
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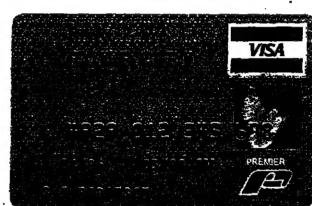
Over 1 million retail and service establishments in Europe alone.



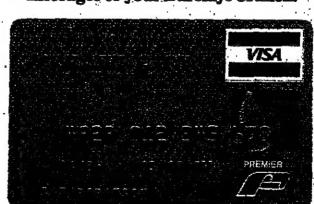
No other gold card is recognised at more banks worldwide.



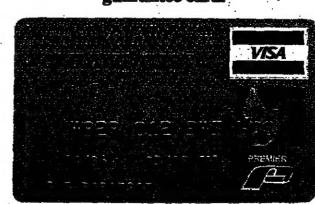
No other gold card offers more cash facilities,



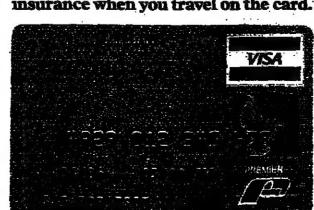
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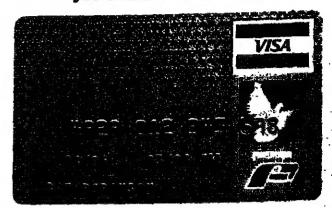
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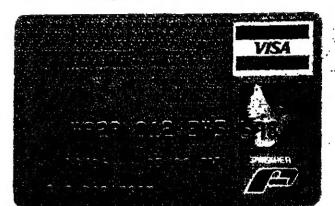
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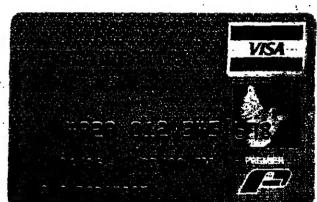
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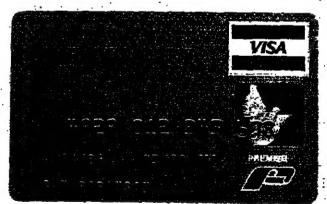
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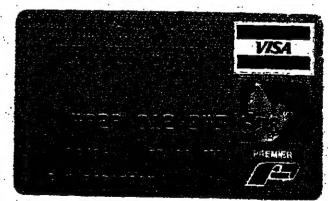
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### Hitachi to make | City airline | Union talks delay microwave ovens at Welsh factory

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Visa bank branch

HITACHI, the Japanese consumer tal Europe is rising by about 30 per products group, yesterday unveiled plans to diversify into the manufacture of microwave ovens for the Eu-ropean market at its UK factory in Hirwaun, South Wales.

It is to invest £7m to produce 180,000 units a year in a new 85,000 sq ft factory to be built by the Welsh Development Agency (WDA). Production will start next December,

The project is due eventually to create 200 new jobs at the Hirwann site, which currently employs 850 workers to manufacture colour tele-visions, video recorders, and hi-fi equipment. The Welsh Office has backed the expansion with grant aid of more than £1m.

Mr Ted Kurose, managing director of Hitachi Consumer Products (UK), said that the Welsh site had been chosen after a thorough investigation of other potential locations in France and West Germany. The choice of Hirwaun was a tribute to the co-operation and assistance the company had received from the Weish office, the WDA, and the local authority. He also praised the electrician' trade union, the EEP-TU, which has a so-called 'no-strike agreement" with the company for

The new facility will be Hitachi's first microwave oven manufacturing facility outside Japan. Some 80 per cent of components are due to be sourced in Europe.

The new investment represents a significant vote of confidence in Hitachi's Welsh operation. The company only acquired sole control of the site in 1984. Previously, it was ron for five years as a joint venture with GEC, manufacturing colour televisions only.

Hitachi estimates the current European market for microwave ovens at about 2.5m units annually of which 1.7m are sold in the UK and puts its share at 5 per cent. The new Welsh manufacuring unit. The factory should create around which is being built on a 4-acre plot, 1,000 jobs for the new town, which allowing scope for further expan-sion, will initially concentrate on playment five mainstream oven models.

Christopher Parkes writes: While the British market for microwave ovens has flattened after a spell of rapid growth, demand in continenset to use Dash 7 aircraft

EUROCITY EXPRESS, the airline formed by the British Midland Air-ways group to operate from the pro-posed London City Airport 20 micent a year, with sales strongest in France and West Germany. Electrobux, the world's leading donutes east of the City, is to acquire up to five 50-set de Havilland Dash mestic appliance company, recently established a factory at Luton, Bedshort take-off and landing (Stoc) airliners for use from the airport. Eurocity Express is also consider-ing buying the 90-seat British Aero-space 148-200 four-jet airliner, al-though jet aircraft are not permit-ted at the moment to operate from the City aircraft

the City airport.

One of the problems is that the Government is planning a new bridge across the River Thames, the proposed East London river

crossing near the sirport site. Brit-ish Midland has taken advice from civil engineering consultants and

has produced a revised bridge scheme that could enable the BAe

146 to operate, providing noise re-gulations were not infringed.

The airline, formed in October

has signed a contract with the man-ufacturer for the delivery of four Dash 7s this year. Mr Michael Bish-

op, the chairman of the British Mid-land group, said yesterday that the airliners would be acquired on op-erating leases. Talks with de Havil-land for a fifth aircraft are under-

Eurocity Express will take deliv-ery of its first Dash 7 from the Ca-

nadian de Havilland company, now part of Boeing, in March. This will be close to the time the Civil Avis-

tion Authority opens its public hearings on March 10, 11 and 13, in-

to competing bids from three air-lines wanting to start services from

between Belfast Harbour Airport

Eurocity Express has applied ini-tially for services to Paris, Amster-

dam, Brussels, Rotterdam, Düssel-dorf, Manchester, Jersey and

the London City airport.

fordshire, mainly to supply ovens to its European subsidiaries. Three-quarters of its output, expected to reach 250,000 a year in 1988, will be exported across the English Channel.

Britain was the first European country to adopt microwave cooking on any scale, and has since be-come a leading producer, with in-digenous and Japanese manufacturers and importers competing strongly for market share. As a reacit, the UK has developed manufacturing skills and a network

manuacuring skills and a network of components suppliers, which are likely to attract other companies seeking to exploit the EEC market. Growth of the UK industry will probably be further accelerated if European appliance makers suc-ceed with their efforts to restrain imports from Japan. Late last year the European Commission in Brussels started an investigation – prompted by the French and other EEC manufacturers – of claims that the Japanese were dumping micro-

waves in the EEC. The imposition of extra duties or quotas could prompt more Far Eastern suppliers to source their prod-ucts in the European Community. An unemployment blackspot in the West Midlands is expected to re-ceive a major jobs boost today from the giant Japanese electrical com-pany NEC. Officials of Telford New

Town in Shropshire have been ne-gotiating with the company for a year, in the face of stiff European The airport in the disused Royal Docks in the cest end of London is to open for commercial operations NEC is now expected to announce in the autumn this year. that Telford has been chosen for a factory to make television and Eurocity Express's first Desh 7 will be used first by Loganair, the Scottish subsidiery of British Mid-land, on regular scheduled services video-recorders on a 40-acre site.

suffers higher than average unem-It is understood the Governmen has pledged £7m in grant aid, and it is hoped that once the factory is es-tablished, hundreds more jobs will

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# launch of 24-hour London newspaper

BY RAYMOND SNODDY

has been postponed for two weeks until February 24. It is the second postponement for Mr Robert Mex-well's new rival to the London Evening Standard which was originally scheduled to appear in mid-

November. Mr Maxwell, publisher of Mirror Group Newspapers, told the Daily News staff of the postponement yesterday afternoon. He blamed the lelay on talks with the National Graphical Association (NGA), the printing union, which had taken longer than was necessary and regretfully were only completed to-day."

The talks involved the number of

surplus NGA workers from the Dai-ly Mirror who were to be employed on the Daily News, a newspaper us-ing the latest electronic technology. Between 40 and 50 NGA members are to be employed on the pa-per pasting up editorial and adver-tising copy produced by electronic means. A three-week period of training is needed for the staff in-

Mr Maxwell told staff yesterday that editorially the paper was ready to go but that as publisher he had taken the decision to postpone to ensure that the production departments would be ready. Production now risen to £25m.

THE LAUNCH of the London Daily of dimmy newspapers will go News the new 24-hour newspaper, ahead on schedule and the first will

be produced this morning.

Early in February nearly 2m free copies of the London Daily News are to be distributed to homes throughout the London area to let as many people as possible see the new newspaper and to gauge reac-

Mr Magnus Linklater, editor of the London Daily News, said yes-terday that there would be a phased introduction of dummy papers.
From next week regular dummies would be produced each day and, as would be produced each day and, as happened prior to the launch of The Independent, the five satellite print-ing plants the paper will use would be tried out in turn.

be tried out in turn.

The paper is to be printed, Mr
Linklater says, on the new Daily
Telegraph presses on the Isle of
Dogs in London's Docklands, at
Poyle near Heathrow, Edenbridge
in Kent, Chesham in Buckinghamshire and at Walthamstow, in northeast London. Since the project was conceived

the number of journalists on the pa-per and with it the cost of the project has risen following the decision

### Scottish growth 'will lag behind the rest of UK'

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

THE Government expects Scotland to have slower economic growth than the rest of the UK this year. It bases its forecast not just on the downturn in North Sea oil development activity, but on the mixed prospects for the rest of manufac-turing industry.

In the latest issue of the Scottish Economic Bulletin, the Scottish Of-fice says that the beneficial impact of low oil prices on cost competitive-ness and the recent decline in starling are unlikely to be enough to offset the adverse effects of low oil prices on North Sea development

The bulletin says that there

should be "some limited output growth" in manufacturing, but at a lower rate than the rest of the UK. Most of the growth is likely to occur in high-technology sectors such as electronics, chemicals and aero-space. Traditional sectors such as textiles and clothing, food and tim-ber processing will have more modest growth, the buildin says.

Other industries such as steel shipbuilding and other metal-using industries such as vehicle manufac ture are not expected to grow.

Scottish Economic Bulletin number 34, December 1986. sibility of Greenwich when the

switchboard to the Chairman of the Board.

We'll be glad to tell you more. Call Bernard Hough on Freeione 2282 Or return the coupon.

### Parties set to observe poll stars at Greenwich

rarely achieve the potential significance bestowed upon them by observers of the political firmament. But the forthcoming contest at Greenwith, which for nearly 300 years was the home of the Royal Observa-tory, could offer Britain's political parties a decisive glimpse of what the stars have in store for them.

The hy-election, in south-east London's historic, riverside borough, is expected to be held in late February or in early March. It fol-lows the death of Mr Guy Barnett, the sitting Labour MP, and the out-come might help determine the tim-ing of a general election which is now widely expected this year. Mr Barnett's 1983 majority over the Conservatives was 1,211, with cil has been fighting to prevent the proposed closure of the local Ford

the Social Democratic Party candidate in third place, taking a respec-table 25 per cent share of the votes cast. Greenwich therefore repre-sents an inner-city, marginal seat sents an inner-city, marginal seat which all three parties feel they can win and which will provide them with a well-timed, if tragically created, opportunity to test their wider electoral strength. For the Labour Party, Greenwich is a seat which it wast retain in or-

is a seat which it must retain in order to remain credible as the party of alternative government. An inner-city constituency graced with the legacies of great architects such as Wren and Hawksmoor, its land-scape is now blotted with run-down housing estates and the local econo-

rate of over 12 per cent.

The electorate has been traditionally faithful to Labour even although the margin of support was drastically reduced in 1983. The first indication of how the po-

my shoulders an unemployment

litical tide is running emerged last weekend in an Observer/Harris Poll which gave Labour - yet to choose its candidate - an overwhelming lead over the Conservatives, attracting 60 per cent support against 25 per cent for the Tories. The SDP/Liberal alliance was in third place with 15 per cent. The figures will clearly prove im-

mensely encouraging to Labour, but the contest, which will be hardfought, has not yet even begun.
When it gets underway, poor housing and unemployment will rank
high among local campaign issues. Large numbers of constituents live on ageing council estates, many of which became the direct respon-

Michael Cassell reports on after consultation with the Liberal a by-election which may help determine timing of the next general election

ished. They now require expensive and urgent improvement, which the council claims are impossible because of government cuts.

The decline of local manufacturhard-left member of the Inner Lor ing in a borough which once susdon Education Authority and Ms tained a wide range of Thames industries will also figure in the

mitends to swamp Greenwich with a succession of leading spokesmen and women. Anything less than a comfortable win for a party which, in order to win power, will have to capture large numbers of new seats rather than merely consolidate its hold or susting over will be needed.

against government ratecapping measures designed to restrict highspending local authorities.

It has mounted a High Court challenge to the Department of the Environment's rate-capping policy and to the legality of the departand to the legality of the depart-ment's proposal -- arising from re-cently-admitted errors in cash dis-are moving into the borough and tribution - to cut £3.8m from the who have helped push up the local council's rate support grant. Rates level of owner occupation from just are local property taxes, which are over 30 per cent in 1983 to an esti-

campaign. Most recently, the coun-

Motor Company parts plant, which employs about 300 people and which is regarded as the last local

manufacturing plant of any signific-

front of the political campaign

The council has been at the fore-

But the task is unlikely to be as easy as in some of London's more obviously extremist, Labour-controlled boroughs. In last year's local elections Labour increased its representation, taking 44 seats, with the local Labour administration and with the local Labour administration and with the local Labour administration.

Critical to Labour's chances of re- it to win another famous victory, butting any accusations of extremism - and of winning the seat - will be the selection of a candidate and firmly in Labour's favour. Whatever Labour's national leadership has al- the outcome, the voters of Greenready forcibly impressed upon wich could be helping to decide Greenwich the need to pick a candi-much more than the identity of an date with the widest possible ap- MP destined to be one of the pres-

With Lebour wanting a quick con-members. test, the choice is expected to be made on January 31, leaving 13,381; A. Rolfe (Con.) 12,156; T. Ford (SDP) 8,783.

parliamentary managers, aimed at holding the poll on the same day as the by-election, in Truro, Cornwall, caused by the death in a road crash of the sitting Liberal MP, Mr David Penhaligon.

Among the hopefuls for Labour nomination are Mr Richard Balfe, the Euro-MP, Ms Deidre Wood, a

Glenys Thornton, political secre-tary of the Royal Arsenal Co-Operative Society.

The constituency's close proximity to Westminster and the high stakes involved mean that Labour intends to swamp Greenwich with a

hold on existing ones, will be potentially disastrous.

Both Conservatives and SDP will also be counting on support from the growing number of middle-class

supplemented by central government discovernment.

An unlikely Conservative victory could prove instrumental in encouby Labour's opponents to place raging Mrs Margaret Thatcher, the high-spending Greenwich in the Prime Minister – uncharacteristicame "Loony Left" mould as other cally besitant when it comes to left-wing dominated councils, which pushing the election button – to go the Conservatives in particular infor an earlier, rather than a later tend to make a national election is national poll. The margin of any Labour win will also be carefully ana-

12 going to the Tories and six to the administration and with the Tory government nationally could enable

ent parliament's shortest-serving

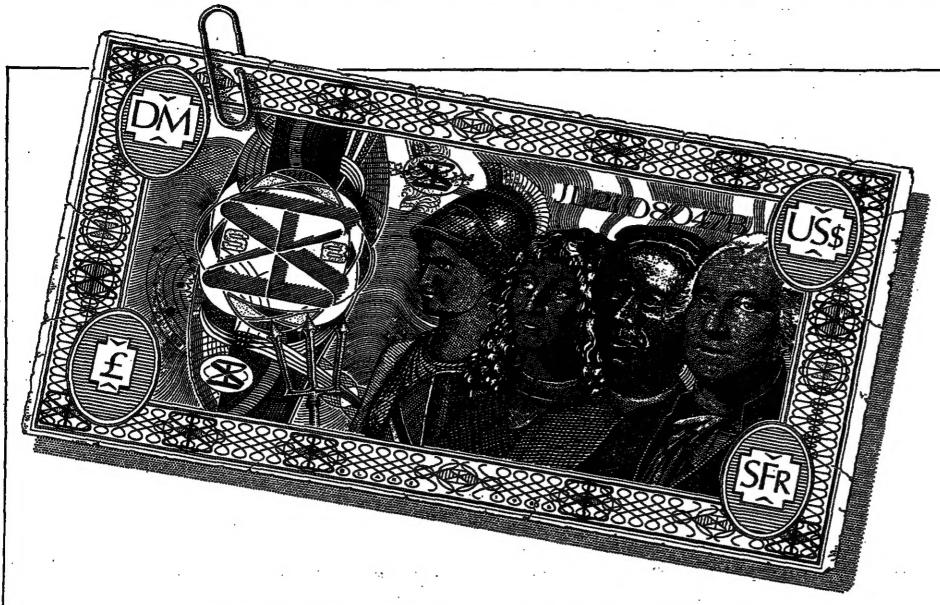


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### **UK NEWS**

### Ford urges rethink on reform of component licences

FORD, whose policies towards the legal rights both to sue and refus

ection from copying in order to from 10 years of full protection beover its investment ing "the absolute minimum" Ford
A 200-page Commission report
needed to recover its investment
occluded that Ford was within its

### Laboratory cultivates taste for dates

BY DAVID FISHLOCK, SCIENCE EDITOR

Twyford Plant Laboratories,

mercial restraint on his com-

and laboratory support.

He says Twyford can expand moduction in the next two years

### Scots electronics group wins Vancouver listing

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

which began production only in Oc-tober has obtained a listing on the Vancouver Stock Exchange Scottish-registered subsidiary Gien-tronic manufactures electronic nt for use with electric motors, last week issued 1m shares on

ne of C\$1.25 (62p) each.

the Vancouver market at a par val-

company to be listed in Vancouver Gientronic makes a device named single-phase one. Other products enable users to avoid a surge of tors and provide variable control of

With a small plant at Living West Lothian, units made by Glen-phase should prove attractive to businesses such as farms that are The company chose Vancouver phase should prove attractive to because it specialises in venture capital issues and its placement was fully subscribed. Glentronic is motor because their power supply

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### FINANCIAL TIMES SURVEY

Tuesday January 13 1987

# UK Conferences and Exhibitions

EXHIBITIONS AND conferences have come of age as a marketing tool in the UK. They are increasingly being used by companies—both from the UK and overseas—as an important part of a marketing communications programme to get their various messages across.

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**EWS** 

Moreover, the conference and exhibition industries are responding to this new awareness by increasing their professionalism in meeting the needs of company clients although there are still a number of areas in which conference and exhibition organizers could be better.

tion organisers could do better.
The size of the exhibition and conference industries is difficult to determine exactly because it covers not only direct expendi-ture on conferences and exhibitions but also indirect spending on hotels, restaurants and

on hotels, restaurants and travel.

The exhibition industry in particular is "extremely buoyant" at present, according to Mr Evan Steadman, from the Association of Exhibition Organisers. "The statistics show, for example, that more money (£192m) was spent by UK companies on exhibitions than was spent on trade and technical advertising last year." Expenditure on conferences is less precise, simply because the pature of the industry cannot hope to encompass all the hundreds of small conferences and aeminar, held every day. Even so, some estimates suggest that

so, some estimates suggest that about £900m was spent on conferences in the UK last year, with much of the revenue coming from abroad.

Some indication of the scale of the conference and exhibi-tion industries can be seen from the International Confex Exhibition which starts to-morrow and runs until Eriday at the Business Design Centre at Leington in North London. This is Europe's largest exisi-hition of venues, travel incen-tive destinations, and related services. Ms Lorraine Hall, the facilities available in most other Confex director reports that there is a record number of addition, critics suggest that 270 exhibitors at Confex and some London venues do not some 4,000 trade delegates are expected to attend. This shows how important commandes now how important companies now Such criticisms, however, are consider the exhibition and being taken seriously by the

The conference and exhibition business remains buoyant but the trend is towards smaller specialised markets

### Better marketing of targets

By David Churchill

conference businesses in the mid-1980s," she says.

The industries optimism was not unduly dented last year by the slump in North American whitens to the UK, caused by fears of terrorist reprisals in Europe, Mr John Burt, the convention bureau director at the London Visitor and Conference Bureau, points out that there was only "a marginal impact on the London conference business."

Those Americans who stayed away, it seems, were the package tourists while US businessmen were less easily frightened off.

The importance of overseas conference and exhibition visitors is reflected in the fact that the and a half times more than the typical tourist while in this country. About 30 per cent of the expenditure in the UK by American conference delegates, moreover, goes into the retail sector.

The foreign earnings from UK conferences and exhibitions has come in spite of criticisms that London, in particular, lacks the conference and exhibition facilities available in most other makes worth.

the conference and exhibitions in-dustry in London. The new was Queen Elizabeth II conference centre in Westminster, has pro-vided an up-to-date conference

Earls Court and Olympia has not only spent over £25m on improved facilities since 1980 but also has plans for a new £35m exhibition hall to be built by 1990. Later this year sees the opening of its Olympia 2 conference centre. Other new developments also

Other new developments also scheduled are improved facilities at Wembley later this month while next year sees the opening of a new conference and exhibition centre at Alexandra Palace in North London. The Nazional Manihama also has plant to make the more expension and

outside Birmingham also has plans for major expansion over the nest few years.

What these developments reflect, however, is the trend towards medium and small scale conferences and exhibitions aimed at more specialist markets. The conference sector particularly is moving towards increasing targetting of audiences and is attracting a new breed of conference organisers.

"So useful are seminars and

"So useful are seminars and small conferences that we are putting on more and more of our own," points out Ms Victoria Exhibition "to be held in 2001, Tomlinson, a marketing manager with the Arthur Young The last Great Exhibition was accountancy and management in 1861,

excellent way to provide a ser-vice to our clients on, for instance, the range of new legislation in financial areas."

miners presentations are an important area of corporate communications such as sales conferences, product launches and press conferences, points out Mg Wendy Griffiths, a communications consultant. "Instinctively businessmen opt for live presentations because they know that personal communication works."

Not surprisingly, the exhibitions and conference sectors in the UK are fragmented with numerous small operators. For example, there are over 600, mainly small, exhibition organisers but with most major exhibitions organised by just 30 or so companies.

A recent survey by the British Exhibition Venues Association of exhibition organisers found that London is still the pre-ferred location for trade or industrial exhibitions. However, there was no particular geo-graphical preference for exhibi-tions open to the public,

Most grouses from organisers were about catering and the lack of adequate car-parking facilities but these opinions were only expressed by a minority, Mr David O'Beirne, managing director of the Cahners Expansing director of the Calmers
Exposition Group (a subsidiary
of Reed International) points
out that "the traditional image
of exhibition organisers as 'hit
and run' merchants is changing
and the shows of those who
earned this reputation are
dying."

Be believes that "there is a lot of competition in the industry now and a shake-out is taking place; but exhibitors are increasingly demanding effective promotion and a professional approach and the industry at last seems to be reaching some kind of maturity."

That maturity is also reflected



This dinosaur with its youthful admirer was part of an exhibition at London's Natural History Museum

### No business like industrial theatre

Today's Isunch is designed to deliver a message as well as being eye-catching. "What our clients want today is something a little bit different," says Mr Charles Kimpton, director.

Among the giants in this field of industrial theatre, is Caribines, a US group with an autonomous UK subsidiary which carries out work in Europe and part of Asia not covered from the US. "In Europe, Britain is in the forefront of industrial theatre," says Ms Jane Wyckham, who handles marketing for Caribiner, "and the export potential is considerable."

At the moment the company is working in Scandinavia and France and is participating in a seven-country teleconference link up in Hawaii for the Sheraton Styline Group, Looking to the future she says that among the "hot buttons" for development is the use of teleconferencing, "It means a big saving in time," she says, "when executives can participate in a conference without actually attending."

She thought another may that it cut down on the risk of terrorist activities which was an important consideration for big multimational companies.

The growing importance of safety needs was confirmed by the Purchasepower Group, one of the biggsat UK operators in the conference work of the production division said that companies were wanting a conference package to be arranged for them from deciding the verue, planning the conference house of the biggsat UK operators in business communications. Ms the conference package to be arranged for them from deciding the verue, planning the conference and marketing activities the Big Bang had brought a demand for audio visual presentations.

As well as the growth in sonferences and marketing activities the Big Bang had brought a demand for audio visual presentation. Nevertheless, the growth in administration in the continues of the production division said that companies were wanting a conferences and marketing activities the Big Bang had brought a demand for audio visual presentation.

As well as the growth in sonference and marketing activities the Big

AN ELEMENT of show business is being used increasingly in staging conferences and exhibitions and the demand for back TV scenery company which presentation of audio-visual, laser and sound stagings is providing a lucrative market for many companies.

The dinosaur is the picture was borrowed from Spitting lange and the model was made to move, wink and blink by animatronics, a technology companies of a few scantily-clad showgirls and the model was made to move, wink and blink by animatronics, a technology companies.

In the dinosaur is the picture was borrowed from Spitting lange and the model was made to move, wink and blink by animatronics, a technology companies for the launch of a new product.

In the dinosaur is the picture was borrowed from Spitting lange and the model was made to move, wink and blink by animatronics, a technology companies for the launch of a new product.

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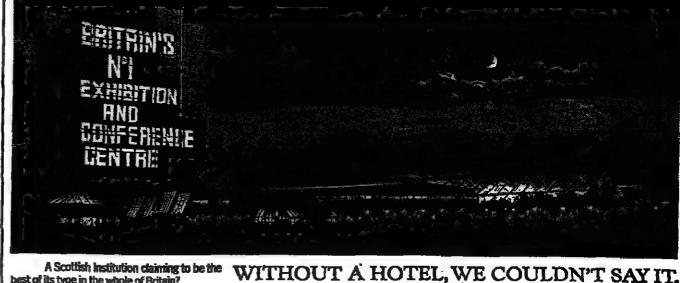


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ference rooms will now provide the SECC with 18 breakout rooms offering delegate capacities ranging from 25 right up to 2,000. And all these facilities will be linked

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Trusthouse Forte

More towns jump on the bandwagon

In the Regions

ence Towns, every town likes to be a conference town and an increasing number are jumping on the bandwagon. It is an Bournemouth, They boast accepted fact that a number of hotels, pleasant surround centres do not make money—sea air and an easy jou they lose it. They are seen by local authorities as a way of and a half hours by rail.

A new contender is

Nevertheless, Mr David Chance, manager of the new Cambridge Corn Exchange, which opened last month, has which opened last minth, has vowed to break even by the end of 1990. He foresees no difficulty in attracting custom. Cambridge, in his view, is unique and has no direct com-

The Corn Exchange, a robust Victorian building right in the middle of Cambridge has been refurbished to the tune of £3m. It attracted the largest House of the Arts grant from the Arts Council — £250,000 — and £100,000 from the English Tourist Board for its potential

for conferences.

The building's main hall provides seating for 1.450. This retracts to make way for over 4.000 square feet of exhibition A proposal for a covered way

from the Corn Exchange to the university's museum site is under discussion. This would give quick access to a range of further rooms and lecture halls. Any development in Cambridge is bound to have links with the university but her with the university but the City Council envisages a wide span of users — not purely academics. The new high tech industries on the perimeters of the city could well generate business.

Universities, keen to put their facilities to good use, rep-resent excellent value for those resent excellent value for those happy to forgo some of the polish of purpose-built conference and exhibition centres. Manchester University, for example, will provide a hall, seating 800 for £225 for an eight hour day, For comparison, the Cambridge Corn Exchange's main hall costs £800.

Moving to the other end of LONDON SAW a number of the scale, the privately-owned new developments last year, and classy Anugraha conference—centre on the edge of windsor Great Park charges by the success of the National S2,175 a day for its Great Hall Exhibition Centre in Birming-which seats a maximum of 800 people and is equipped with the latest audio visual technology. visitors, but progress is under-

ACCORDING TO Mr Lloyd regional conference and exhi-MacLean, director of the hition centres, with the excep-British Association of Confer-tion of the National Exhibition tion of the National Exhibition
Centre, Birmingham, are
ranged along the south coast
— Eastbourne, Brighton,
Bournemouth, They boast good
f hotels, pleasant surroundings,
sea air and an easy journey
from London. All are under one

A new contender is the English Riviera Centre in Torquay, which will open in May ERIC, as it cheerfully calls itself, combines conference and exhibition facilities with a leisure centre, including a fun pool with waves. Some conference organisers uneasy about this blend.

The centre's management however, is adamant that con-ference delegates will not have to fight their way through hordes of toddlers and holiday makers. They may even want to take advantage of the leisure facilities themselves.

ERIC's main conference hall offers a maximum capacity of ,500 seats. The design responds 1,500 seam. The design responsite the growing need for a fierable organisation of space. Four further meeting rooms allow for meetings of between 48 and 240 people. Already over 90 bookings for the centre have been taken. Torquay offers 10,000 beds within a one-mile radius of the centre.

radius of the centre.

Moving north, G-MEX.—an acronym for the Greater Manchester Exhibition Centre—is perhaps the most crehitectually exciting of the newer venues. G-MEX represents new life and a total face lift for Manchester's Victorian Central Manchester's Victorian Central Station, and cost #20m.

The last train—the 11 pm to Warrington—chapped out of the building in 1969 and was followed by a series of specu-

The highlight was the opening of the Queen Elizabeth II (QE2) conference centre in Westminster. The 144m government development suffers none of the disadvantages of its older competitors where facilities in some cases decoder old

ties, in some cases decades oid, are deteriorating and where exhibition space has often been expanded in a haphazard fashion, resulting in a mase-

seater main hall to smaller break-out " rooms. This com-

plements the trend in the indus-

a prime location overlooking. Westminster Abbey—is working. Business is brisk with bookings into the 1990s, the greater pro-

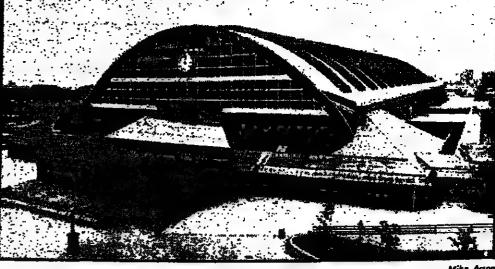
portion coming from private companies rather than govern-ment sponsored events. The one bugbear is the ubiquitous security which makes access for

security which makes access for even the ordinary visitor akin to boarding an El Al plane.

At Earls Court & Olympis, the wholly owned subsidiary of P & O. plans to build a £35m exhibition hall (due for completion in 1990) were unveiled. Next September a purpose-built conference centre in Olympia 2 will open. John Glanfield, Olympia's commercial director.

pia's commercial director, says that many companies find it

like complexity.



Manchester's defunct Central station was given a new life as the Greater Manchester Exhibition Centre

lative property deals, until 1978 when Greater Manchester Council stepped in The trans-formation entailed a joint ven-

formation entailed a joint venture between GMC and Commercial Union Properties, backed by grants by the Government and the EEC.

Apart from the obvious appeal of elegant gink and white brickwork, wrought from curlicues and the original station clock, G-MEEX offers a substantial exhibition space in the heart of the city. The Central Hall is 7,755 square metres and the Trafford Hall 2,800 square metres. square metres.

Gare metres.

A business consortium, led by Gare labeling as a conference construct a luxury 300-bed horizence construct a can be staged in the nearby
Free Trade Hall which is itself
due to be extended. The famous
Midland Hotel, recently refundshed, stands 50 yards from
the entrance to G-MEX. There
are 1,000 hotel beds in the city
and 2,400 within four miles.

are 1,000 hotel beds in the city and 2,400 within four miles.

The Scottish Exhibition and conference Centre, which opened in August 1985, is part and parcel of the drive to generate business energy into glasgow. The development of the derelict Queen's Dock into a 64-acre complex of five interlinked halls represented a £36m investment, split three ways

London and the NEC

Reassessing the future

between regional councils, the Scottish Development Agency and the private sector.

The SECC's main hall will seat up to 2,000 people. The five halls together provide 19,000 square metres of exhibition space, with a further 2,000 square metres in the open air. On-site hanking, car hire, travel and accommodation bureaux and shopping make up the infrastructure essential to a centre of international pro-

portions Bookings have been taken for conferences of 1,750 delegates. A business consortium, led by Sir David Roche, is planning to

clients, particularly from the US now that US tax regulations allow the costs of offshore conferences

City Centre Conference Complex is due to open by 1991. It will have a maximum con-ference capacity of 3,500 but its predominant use will be for meetings of about 1,000.

Other important facilities developed over recent years include the St David's Centre in Cardiff.

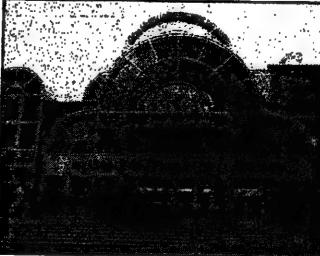
Among the smaller venues, Aberdeen Exhibition and Con-ference Centre which opened a month after the SECC. has obvious links with Scotland's obvious links with Scotland's offshore industries but is run as a multi-purpose centre. Its focal point is a glass prism-shaped Trade Centre housing the reception area and seminar suite. This connects to two halls, providing 8,000 and 1,500 square metres of exhibition space.

Two separate conference halls have raked seating for 300 people and level seating for 150. The present buildings represent the first stage of a continuing programme. An office block is due to be built as the next phase, followed by a hotel making a compact, self-sufficient-complex.

Better communication networks are making venues.

Better communication networks are making venues, located well away from large cities increasingly attractive. Folkestone's Leas Cliff Hall has recently benefited from £2m of refurbishment and there are 2,500 hotel beds within walking distance. Determined not to be bettered by grander competitors, Shepway District Council's promotional brochure entices potential clients with the information that the Duke of Wellington held a meeting at Folkestone—to plan his defence against the Napoleonic invasion. But it modestly refrains from But it modestly refrains from pointing out that that particular

Alexandra Buxton



Exterior of the £11m Business Design Centre, Islington

Flexibility was the keynote in the design of the QE2, says the management, and the result is a building with accommodation varying in size from the 1,200 NEC and says they have aimed venue has plans to double its to create the ambience of a size. By January 1989 20 per West End theatre to provide a cent of that target will have suitable venue for events range been achieved. The \$35m insuitable venue for events rang-ing from concerts to specialist plements the trend in the industry away from vast shows to more specialist events. As Malcolm Snell of the QE2 Marketing Department says "All indications are that conferences are tending to be smaller and the QE2 is ideally placed to meet the demand."

The formula of offering the best of British—British works of art and crafts, stylish textiles and carpets, food by Leiths and a prime location overlooking

In the City, adjacent to a real theatre, the Barbican Centre is making adjustments of its own. year, the number of events attracting fewer than 250 delegates rose by 22 per cent over bookings for 1983-84. Much of bookings for 1983-84. Much or this small meetings business is a spin off from Big Bang. The centre has also seen a decline in hi-tech conferences which are being overtaken by gather-ings of professional people such as lawyers and architects.

In North London, phoenix-like out of the ashes of the old Alexandra Palace, a £35m con-Alexandra Palace, a £35m conference and exhibition centre scheduled to open in January 1988, is emerging. Louis Bizat, general manager, took the opportunity of starting from scratch to take a long-term marketing view. "We realised when we first looked at the exhibition business that the large centres are a thing of the past: the future is in smaller exhibitions with more flexible space.

the future is in smaller exhibi-tions with more flexible space. We redesigned the Palace accordingly," he skys.

Despite a potential loca-tion problem in the further reaches of North London, Ally Pally is braced for success with 1988 already fully booked and 1989 and 1990 on the way to selling out.

that many companies find it hard to make the quantum leap from a banqueting suite to a major venue and Olympia 2 provides the stepping stone.

With one in three of Olympia's exhibitions staging a parallel conference, there is a growing market for such flexible usage options. usage options.

Like other venue directors,
John Glanfield is acutely aware in the formation of the London of a more demanding clientele Exhibition Venues Association whose requirements for events (LEVA). The group, composed such as product launches are of six major venues, was increasingly sophisticated "They formed to discuss common increasingly sopulaticated "They are looking for plusher, more theatrical venues," he says.

Wembley has also joined the move towards a more upmarket 1987 calendar of London conimage. On January 24, it opens its new £5½m building. David Griffiths, Wembley General Tourist Authority, British Manager, claims the "Grand Hall" brings exhibitions "out of the concrete sheds of the nast proving to eateh up. the NEC the concrete sheds of the past proving to eatch up, the NEC into the comfort of the 20th has not stood still. Bouncing century." He admits that back from the disappointment Wembley was inspired to of losing the Olympic Games to expand by the success of the Barcelona, the UK's largest

vestment is a response that will enable it to stay competitive

with its European counterparts. For many exhibition organisers the NEC remains a para-digm of what London should be aiming for: excellent support facilities, high-quality fittings and service.

Allison Lobbett

PROTOCOL - the more professional

registrations to loser beam special effects, Protocol can organise every aspect of the successful conference. Our experience covers a range of activities including company and institutional meetings, product launches or presentations, exhibitions and promotional events, You take care of the sage," we will provide the perfect "medium."

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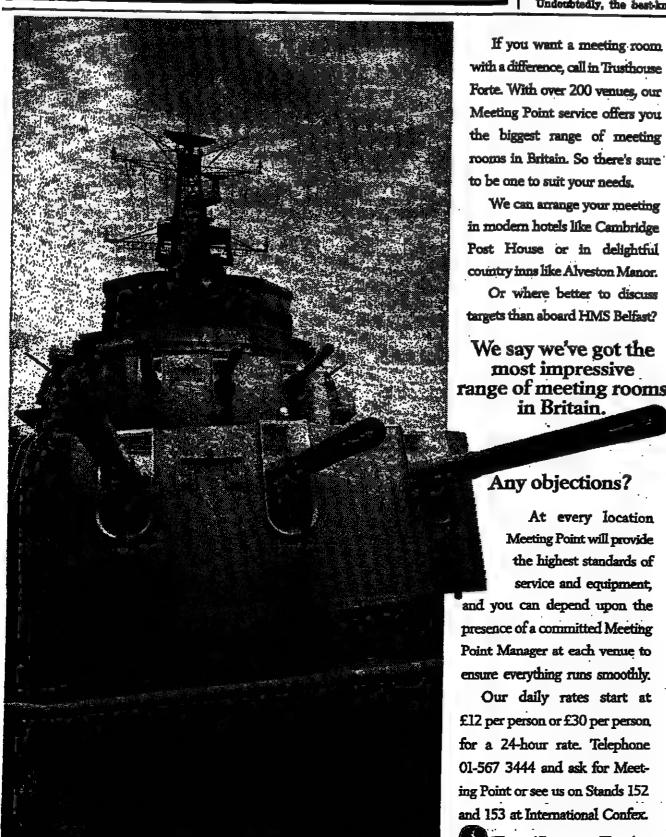
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### Short-term trips are favoured by companies

TRAVEL IS a say mouvement or many business people and so it in it is hardly surgrained that the location of a conference can be a crucial factor in determining at

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its success or otherwise. A cruise round the Carlibean comprising sales managers or important clients is obviously more enticing than holding a similar meeting in the company canteen.

Moreover, many companies offer conference travel not only as a motivator but also because it creates a captive audience free from the distractions of the office environment.

free from the distractions of the office environment.

Conference organisers are also well aware that holding a conference in a major city such as London or Paris is also attractive in those business people keen to enjoy the occasional break from the office routine at the company expense in a top-class hotel.

The exact size of the conference travel market is hard to estimate since there are various interpretations over what should and should not be included. However, the amount spent by companies on conference and incentive travel was estimated to be about a quarter over the 1894 level.

Some market studies, moreover, suggest that about a third of the top 1,000 British companies have used conference and incentive travel, mainly as a means of motivating staff.

The range of conference and incentive travel users covers holidays: "earned" by individuals as a result of a voncher or points scheme operated by commercial operators, through to a conference away from the office for all executives or staff irrespective or schievement.

office for all executives or staff irrespective or schievement.

In between are standard package tours bought from a tour operator for employees, through to tailor-made conference trips.

Allied Dunbar, the financial services company, has hought two special Caribbean cruises on one of the Royal Viking Line ships this suring.

The 12-day charter of the Royal Viking Line ships this suring.

The 12-day charter of the Royal Viking almost for 1400 of Allied Dunbar's top financial management consultants and directors and is seen by the company as a major company of the same marketing strategy.

About 39 different services

Dunbar's conventions and promotions manager.

Allied Funbar & not the only financial services company attracted by cruising Last year, for example. Abbey Life chartered P & O's Sea Princess for a 10-day Greek island cruise for 500 salesmen.

Princess Cruises, which received about £2m from such floating conferences last year, has also been used to host events for the Imperial Group, Toyota, Hoover and Lederle hair care products.

Small companies as well as large are increasingly making

Small companies as well as large are increasingly making use of cruise liners for conferences. "We are not only in terested in larger groups of 300 or more but willingly handle much smaller groups or, in fact, individual incentives," points out his Jennifer Brown from the Royal Caribbean cruise line.

Brown trained Bean cruise line.

ences. We are not only in terested in larger groups of 300
or more but willingly handle
much smaller groups or, in fact,
individual incentives, points
out his Jennifer Brown from
the Royal Caribbean cruise line.

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The a typical Royal Caribbean or a guit the good hotels of any type,
out his good hotels of any type,
that reputation will spread.
The signs of a good conseven-day Caribbean cruise for
some of the company's desleral
The cruise was announced at
the annual dealer function with
a full-scale programme about
the ship and its destinations.
The key factors influencing
the choice of a conference traval
destination appear to be the
with one hotel employee
specifically delegated to handle
specifically delegated to handle

time taken to reach the destination.

Short-haul destinations in
Europe are still the favourite,
accounting for about eight out
of every tax conference or
incentive trips. Paris remains
the most popular destination.
Companies that plan to stage
their conference away from the
office should plan well in
advance and think through all
the implications of the trip.
Cost can be a significant
factor with a short-haul trip
costing an average of £600 per
person while a long-haul trip
can cost three times as much.
It may be better to plump for
the less exotic destination but
to include all the trimmings.
One often overlooked factor
is the possible tax implications
of the trip. In theory, everything an individual receives as
a result of employment is liable
for UK taxtion and a trip to
Paris or Spain—even if a few
conference meetings are thrown
in—does not reduce that fax
liability.

liability.
The Inland Revenue, how special unit to help with saviet.

David Churchill



P&O's Sea Princess, chartered by Abbey Life for a 10-day conference cruise around the Greek islands for salesmen



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manages to be both pasting and relaxing. The facilities are extensive the services professional; and the overall costs. including flights, highly competitive its a good place to hold a meeting. In fact, its an inspiration.

THE VAGARIES of the international tourist markets—
especially the alump in US visitors to Britain over the past
12 months—has made Britain's
hotel groups even more aware
of the importance of the busi-

and exhibitions can generate considerable axirs revenue.

"The revenue gained from a conference will usually exceed that from leiting the Presidential Suite." points out Ms Jane Righy, from the conference production company. Commercial Presentations.

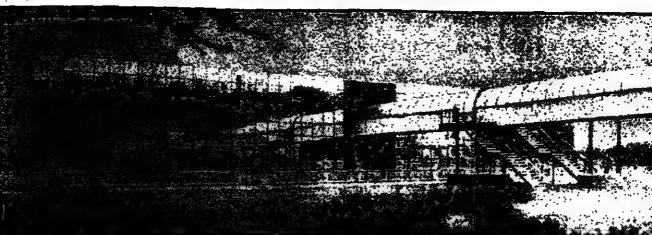
Presentations.

But this gimple fast is not always appreciated. How many conference organisms receive the same treatment as the per-

Reception staff, purious, extering staff and everyone within the hotel should be taught that conferences are important; she adds. They need to understand why a conference organisers cannot wait half an hour for sahtrays to be cleaned or coffee cups set out."

Not only do business travellers provide a more steady source of iscome than fickle fourists but conferences

an occupying the most expensive room in the property?" queries Ms Rigby.



The new reflects the sid: the new conference complex at Castle Ashby, Northamptonshire, is linked by a covered glass way to the 16th century ancestral home of the Marquess of Northampton and contains a high-toch conference/presentation area for 400 delegates. Accommodation is available in guest rooms

### Welcome mat for boardrooms

lizison between the conference organisers and the hotel staff.
Another small sign of a good conference hotel is the provision of an office that can be used by the conference organisers—instead of a hotel bedroom — and flexible meal strangements for the organisers.

As large conference halls within hotels tend to be located close to the kitchens, it is very important that the behind-thescence staff are hold the importance of kneping noise to a minimum. Many a conference speech has been ruined by the elatter from the kitchens.

Another less obvious factor is

Another less obvious factor is internal hotel directions. Dele-gates should not be left wander-ing corridors in search of

steeting rooms which are badly sign-posted. Similarly, a good sign is if the hotel management ask if you want your conference to be mentioned on a bulletin board near the entrance. In most cases, companies will want people to know where the meet-ing is taking place but there are circumstances where dis-cretion is preferred.

While large confarences provide much of the business for the leading hotel chains, there has been a trend in recent years for smaller conferences or meetings of executives to be held in hotels.

Thistle Hotels, which is owned by Scottish and New-castle Breweries, has moved to capitalise on this trend by set-

ting up "private sanctuaries" within 14 of its major hotels for executives to hold special

meetings.
These facilities, termed "Boardroom" by Thistle, have been designed to heep in with the architecture of the hotel and are planned to accommodate groups of between 15 and 20 recole.

date groups of between 15 and 20 people.

The minimum standard of the "Boardroom" facility comprises a polished wood table, matching upholishered chairs, sound profing, temperature control, plus a range of visual aid equipment. Prices are quoted on an individual basis, depending on the time the room is used for and what extra facilities are required.

Recent users of the Boardroom facilities at the Royal
Horseguards Thistle Hotel in
London's Whitehall, included a
government lunch for Mr Weinberger, the US Defence Secretary. Later in the afternoon
the room was used for a highlevel meeting involving Mr
Weinberger.

At The Barnton hotel in

At The Barnton hotel in Edinburgh, management have sought to maintain the exclusivity of the "Boardroom" facility to the extent that a request to had a "start than "start". to hold a "stag show" refused.
Thistle is not alone in seak

ing to capture this luxury end of the hotel conference market. The Pride of Britain consortium of 16 country house hotels last

summer launched its Exclusive Boardrooms service. This differs from Thistle's operation in that it offers exclusive use by the conference organiser of the

entire hotel.

A typical Exclusive Boardroom facility is offered at
Cougham Hall, six miles from
King's Lynn. The Hall is a
11-bedroom Georgian mansion
which can sleep 21 and dine

up to 40.

The Ladbroke Hotel group is also wooling the specialist conference customer by restructuring conference suites to suit-clients' needs. Some 20 Lad-broke hotels now operate this customised training suites scheme, which is called Spectra

Ladbroke also recently launched the "conference link service" which offers a centralised information and reser-

trailsed information and reservation system to companies setting up conferences.

Another developing trend in the conference industry is the popularity of staging meetings in unusual or historic properties. "There is a huge variety of heritage properties available," points out Ms Jan Curd, director of Heritage Placements which represents stately homes which represents stately homes and historic houses.

"They can provide the backcioth for virtually any com-munication occasion—exclusive house parties for top clients, product launches, special promotions, board-level think tanks, gala dinners, as well as conferences and exhibitions."

The Duke and Duchess of Rutland, for example, make available Belvoir Castle, a Regency-Gothic house near Regency-Gothle nouses
Grantham. Apart from the
rooms available, the largest of
which can house 220 delegates, mediaeval joust can be ganised exclusively for organised

David Churchill

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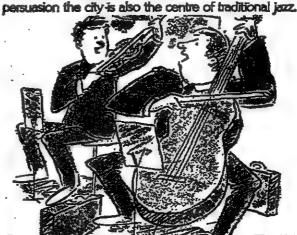
The recent success of Britain's first professional roundthe streets motor race has guaranteed its future for the next two years at least. Putting Birmingham firmly in the

With so many hotels specialising in conferences nearby wouldn't it be a novel idea to coincide your sales



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CGE AND ITT TELECOMMUNICATIONS: THE WORLDWIDE CONNECTION

### **EGYPTIAN INDUSTRY**

Tony Walker examines the reasons for the perilous state of manufacturing

### Cairo's inertia blamed for economic woes

MR ADEL GAZARIN chairman ing effectively in the world of the Federation of Egyptian market did not emerge." Industries, umbrella organisa-tion for the public and private sectors, chose his words carefully when describing his country's economy. Some industries are in crisis," he said, "others are not."

Circumstances were particularly course in here.

y Linuary 13 les

Circumstances were particularly severe in the enginegring sector, squeezed by shortages of foreign exchange to buy raw materials 3 and spare parts, other chaonic problems in Egyptian industry, such as overmanning and poorstandard middle-level management, were also weighing heavily on the also weighing heavily on the manufacturing sector.

manufacturing sector.

Mr Gazarin estimated that in some cases industry was operating at 30 per cent capacity due to lack of foreign exchange, deep recession and low productivity from poorly paid workers who lacked enthusism and incaptives.

Egyptian economists and management consultants blamed government inertia for

accounted for 70 per cent of industrial output. He said managers were constrained by rigid labour laws, had little ary in the entota of foreign ex-change allocated for a parti-cular factory, and were affected

planning and industry, and by inordinate interference by government regulatory authorities. "The situation," Mr Gazarin

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by inflexible investment quotas decided by the ministries of

World Bank partly - The blamed incorrect investment decisions for the poor record in exporting industrial goods. New investment had been concen-trated in metals and chemicals, rather than food processing and textiles, where Egypt had a

comparative advantage.

"Fricing and trade policies' (such as high levels of protection) have combined to promote the expansion of inefficient activities at the expense of efficient activities," the report says.

"Pricing policy has also caused a substantial deterioration in the financial performance of the financial performance of public industrial enterprises.

It was badly under-capitalised, critically ghort of the fassign exchange needed to sustain activities, squeezed on the prices it could charge for its products, and hundeped by a larger-than-pecessary workings.

Mr Excedin Hatkal, chairman of Nacco, said it was vital that the Finance Ministry increase capital from the present E44am (\$38m). Those familiar with the company estimated that it

the company estimated that it needed an injection of at least an additional Essum to help mistain its activities. Naido has embarked on an

expansion programme to make better use of its resources, and aimed by the end of 1992 to

Nasco was luckier than many Egyptian public sector com-panies because it could sell some products on the domestic market for hard currency. Her Halkal estimated that such sales accounted for 25 to 30 per cent of foreign exchange needs.

of foreign exchange needs.

Nasco was also securing some imported components through harter deals with Eastern Europe—for instance cotton used in exchange for its and components. The automotive maintenance is negotiating with Tugodiavia's Zistava to import 10,000 small car hits Nasco, which devoted 40 per cent of production to passenger cert, was negotiating with

(IN POSSINGUE)

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hare of total GDP (at factor cost)

General Motors of the US to assemble CM's Opel 1200 cc Corsa and 1600 cc Ascena models at its Helwan plant on the fringes of Cairo. If negotiations were successful, this would replace the present Flat assembly line. The American company would be a 30 per cent partner in the venture, which would be known as the General Mass Car Company (GNCC). (CNCC).

(INCC).

One attraction of the GM offer was the proposal that GM world attract several compenent special industries, which would service the minn project, and also expert to plants in Europe. Such exports would help generate foreign exchange to finance the Egyptian project.

"The pituation," Mr Gazarin sepansion programme to make to finance the Egyptian project, and the managers hesitant. Setter use of its resources, and the making a decision. This made managers a tumoyer of E8800m, managers according phase, but the making a decision. This made managers a tumoyer of E8800m. The World Bank, in its latest report on the economy, painted a bleak picture of the state of manufactiving industry. It noted that stinough Egypt had invested a state of manufactiving industry. It of resources in the industrial said that spart of resources in the industrial sector, the return on this investment was low.

"Moreover," It added, "a diversified and efficient in dustrial base capable of compast location of foreign exchange,"

"In the Masco CM project had trunched to bedevil and not beginned to the Masco CM project had trunched by heavy in the Masco CM project had trunched by decision of industry. The Masco CM project had trunched by decision of industry, was more realistic, but pricing problems continued to bedevil all sections of industry, "interpretable proposed and investing problem continued to bedevil all sections of industry, "interpretable proposed and interpretable project had trunched by decision of industry, "interpretable proposed all sections of industry, "interpretable proposed and interpretable proposed all sections of industry should be able to levy section of the state of the scheduled secondities in the scheduled s

sector companies were low, the public sector must be which meant there was a con-improved."

stant drift of more talented. The World Bank, while noting managers to the better-point that Government policies has

private sector, One of the problems in Egypt, said Mr Haikal, was that there had never been a systematic approach to management training. Nasco was trying to intro-duce a coherent approach to

in-house training, he said, for all levels of management.

We describe said that perhaps the most severe difficulty epa-fronting management in both the public and private sectors

He cited the continuing sharp He dited the continuing sharp-depreciation in the value of the Egyptian pound from E£0,70-against the US dollar less than 10 years ago to E£1,25 today. There had also been continuous and sometimes confusing changes in laws and regulations governing fariffs, import and customs duties.

customs duties.

Many companies had
embarked on a project on the
basis of a feasibility study
carried out according to prevailing circumstances only to find that the husiness environment had soon changed fine to government interference, causing ventures to fail, said Mr Gamrin. one of the great enemies of industry was price controls. Mr Gazarin cited the Schweppes project in Egypt which had been forced into near benktupicy by controls.

ruptcy by controls.

Investors preferred to put their money where there was less risk, said Mr Gazarin, and resources had either gone into resources had either gone into service industries or abroad. Mr Gazarin pointed out the difficulties caused by price controls from his own experience as chairman of Nasco from 1968-1983, Until the mid-1970s Nasco was making good profits, he said, and then the Government froze prices. Nasco was pushed into loss and was effectively subsidising vehicles sold to the public.

circimstances had changed in past years. The Government was more realistic, but pricing problems continued to bedevil all sections of industry. Industry should be able to levy realistic prices according to actual costs, he said.

The World Bank, while noting that Government policies had been "relatively more favour-able" towards the private sector, said the overall effect of these policies had tended to concentrate "private industrial activities in inefficient lines of

The World Bank concluded that its research, in the absence of reliable official data, had indicated a declining trend for industrial output since 1981-82 At the same time, employment in industry had been growing much more slowly than in the 1973-82 period.

The recent slowing of indus trial output, the report said, appeared to be mainly due to a decline in capacity utilisation in public enterprises, partly because of foreign exchange shortages.

"As a consequence" the World Bank said, "many public enterprises have been forced to seek foreign exchange from the open market at a much higher price. This and other cost-pusa-pressures, including wager growing faster than product prices have induced a serious financial constraint on the operation of public enterprise. expecity utilisation and hence a deceleration of industrial out-put."

The World Bank said that while some while some recent policy changes which sought to en-courage greater autonomy in public sector management were in the right direction," they did not "constitute a comprehensive and adequate proensure a substantial improve-ment in the performance of the

thent in the performance is the industrial sector."

The World Rank said Egypt urgently needs a diversified industrial base capable of compeling effectively on an inter-national scale. "A flexible exchange system is a crucial requirement in this respect," in

said.

"Thus, a package of policy reforms should include a flexible exchange system, a flexible enchange system, a tariff structure and trade regime which has minimum anti-trade bias, full price flexibility and full autonomy to public enterprise managers in all operational decisions, including investment, employment and wage setting. So far there is little indication that a comprehensive programme of actions will be launched in the immediate future." **Business For Sale** 

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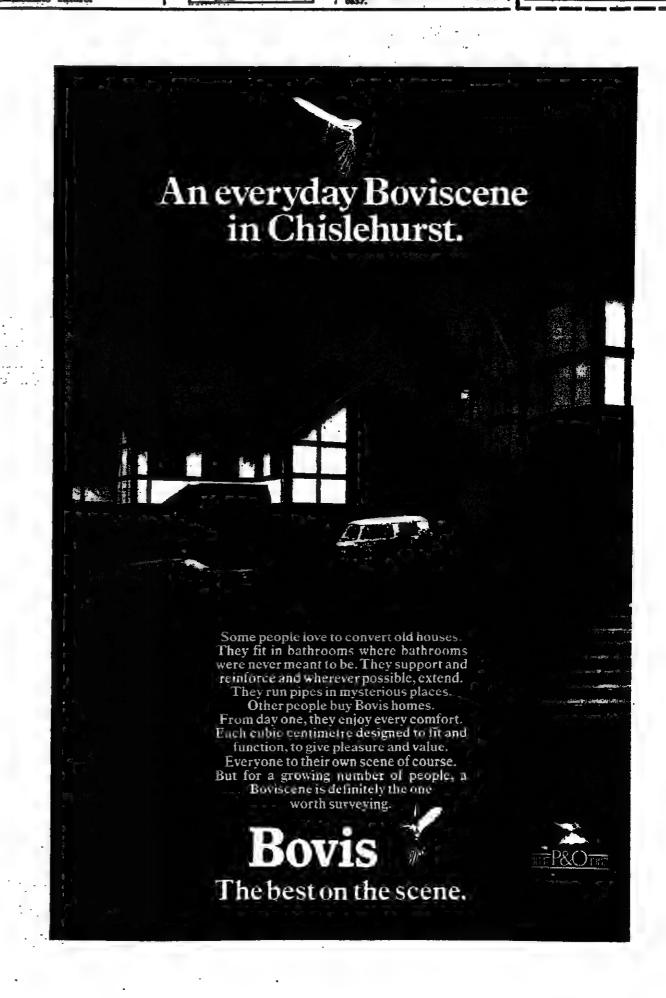
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### Scope remains for ambitious use

John Dodwell explains why investors tend to follow a safe course

IN LAST year's Budget, the Chancellor of the Exchequer described Britain's Business Expansion Scheme as a great success and extended its life Indefinitely. As £147m was invested in BES companies in 1985-86 (£127m the previous year), the BES has certainly assisted in the creation of many new businesses and in the development of existing com-

However, there may be a downturn in the total money raised. The December BES Magazine reported that only £47m had been raised or was being sought in the current tax year up to November 30 1986, compared with £88m in the same period in the previous year.

The BES forms an important part of the Government's attempts to boost employment by the encouragement of new and expanding businesses.

It is surprising, therefore, that the Government is thought to be contemplating a film limit any BES company can raise.

Some commentators think that too much money has gone into companies in the south of England, and an inadequate amount of BES money has gone into small high technology companies. However, the BES was designed with wider aims in mind than its critics suggest.

The aim was to transform the positions of unquoted trading companies seeking outside equity, to encourage wider are ownership and to concentrate help on those companies which do not have ready access to outside capital. The BES has resulted in jobs being created and has raised money for com-panies which are unlikely to be supported by other forms of venture capital.

In an ideal world, BES "cap" of film per BES com-investors would flock to put pany were implemented less their money into high tech- overall BES investment is the nology start-up companies based in John O'Groats. As the majority of economic activity is in the south of England where the majority of BES investors live, it is not at all surprising that BES money is invested in companies in this region.

Moreover, as many RES investors lack the technical investors lack the secondar ability to appraise a high technology business, it is not at all Theatre Company (asking up to toring role covering the five



forward businesses which are easy to understand and which they come across in their every-day lives: builders, pubs, publisbers, hairdressers, manufac-turers of spectacle lenses, illuminated signs, lighting products and so on.

Early BES investors are now half way through the five-year period in which their investment may be retained if the initial BES relief is not to be forfeited. It is natural that BES investors are concerned about their "exit route"—the ability to realise the investment after

Accordingly, increasing attention is being paid to a BES company's likelihood of obtaining a public flotation. Com-panies with a greater initial share capital are more likely to go to the Stock Exchange than those with a small equity. BES investors can hardly be blamed for preferring not to make any BES investment at all if they think the likelihood of getting their money back is remote.

Consequently, if the rumoured most likely result. This can hardly be what the Government W4.2001

Happily, the objectives of a BES investor coincide with the Government's wish to see more employment created. Generally, larger companies employ more people, even if they may not always be innovative ventures.

surprising that they prefer to £1.4m) hoped to employ 35 full- years for which a BES investor

invest in relatively straight- time staff with a further 25 people when plays were being produced; in addition over £1m a year of invisible export earnings was expected from overseas purchases of tickets.

> Another example is Gladding Secured Contractors, a building company which raised £5m last year and is now seeking a further tranche this year — up

> Gladding already employs or is recruiting 17 staff and will undoubtedly employ consider ably more (these figures exclude significant additional employment opportunities in the sub-contracting and supply industries which will receive work from Gladding). How many other BES companies have staff levels of this sort after such a short time?

Venture capitalists know the difficulties of tempting mana-gers out of large companies. My company's experience is that there is a greater chance of getting them to set up their own business if they have a employment opportunities. It is thought that only about 25,000 out of 250,000 50 per cent tax relatively large amount money to utilise say £5m. and so there is a large untapped market which needs encourage-ment. Regional investment could be tackled in the ways

Would sponsors issue 10 prospectuses for £1m each if they could not issue, say, two for £5m each? Probably not Any responsible BES sponsor carries out a large amount of investigatory and regulatory work. Unlike a stockbroker sponsoring a company on to the Stock Exchange (where additional earning opportunities arise from subsequent share

A TRADER who is not paid by a customer for goods sold still has to cough up the VAT on the sale. In a consultative paper published last October, HM Customs and Excise ack-nowledges that this is a

is virtually locked into the BFS

The amount of work involved

provide the monitoring service and at the initial fees they can

earn. Rather than get involved with many small issues, a spon-

sor may well decide to foresake the BES field—and the figures of money being raised so far this year suggest that this may

already be happening in some

BES is already deservedly

plank in the Government's employment platform. Should

it also become a plank in

If the Government wishes to direct BES investment into cer-

this be achieved by giving a greater incentive for such investment? This would be pre-

ferable to limiting the amount of money a BES company can

of money a BES company can raise, thus reducing the overall amount of money raised. The amount of tax relief available for investment in designated "prosperous areas"—szy, the south-east (but nowhere else)—might be reduced. Alternatively (or additionally) the limit of investment that any one per property of the state of the stat

of investment that any one person may make could be raised from the present £40,000 to £60,000 on the besis that £20,000

can only be invested in com-

panies operating in certain

To sum up, the likely result of capping the amount of

money any one company can raise is less investment and less

payers make BES investments

Perhaps the government hould consider discussing BES

problems more actively with BES professionals as there is

no official forum and little, if

any, two-way dialogue.

designated regions.

regional policy?

But, says the Institute of Directors in a letter to Treasury Minister Peter Brooke: "It is not just a problem. It is a serious injustice in that the trader ends up bearing tax which should be borne by someone else and it damages the economy because it puts more businesses than necessary into liquidation."

in issuing a prospectus and subsequent monitoring is similar regardless of the amount of money raised. Accordingly, sponsors have to look closely at their ability to In the consultative paper. as and Excise pr that businesses with an annual turnover of less than £100,000 be given the option of accountbe given the option of accounting for VAT on the basis of
cash received and cash paid
out, rather than on the basis
of invoices issued. "Traders
would not have to account for
VAT until paid by their
customers and would not be
able to reclaim VAT until they
pay their suppliers." Customs pay their suppliers," Customs and Excise said.

While welcoming this proposal, the IoD says in its letter:

"The fact that the cash accounting proposals would eliminate the injustice of the relief for the VAT element of bad debts does not absolve the Government from doing anything about the problem for the traders who are not given the option of cash accounting

or do not exercise it.

"Resolving the problem far businesses with turnover up to £100,000 does not remove the urgent need to provide proper relief for larger businesses. As

VAT

### IoD tries to right an 'injustice'

Michael Skapinker on traders' liability

provided on the same basis as

posals take into account the European Commission's draft 22nd Directive. The proposed directive would require member states to offer a simplified tax scheme for businesses with a turnover of less than £100,000. In its submission to Customs and Excise, enclosed in the letter sent to the Treasury, the

lener sent to the Treasury, the LoD says that it appreciates that the proposed directive means that cash accounting would only be permitted below the £100,000 limit. It also recognises that "tax authorities may wish to account appearance with a acquire experience with a limited cash accounting regime before considering its feasibility for all registered traders." The IoD recommends that the

Government press for the early adoption of the directive, tother with a commitment the Commission to review the success of cash accounting in a few years' time with a view to extending it to all traders. The IoD gives a cautious wel-

we have long urged, relief for come to another Customs and VAT on had debts should be Excise proposal to allow annual returns for VAT rather than for Schedule D income and corporation tax."

The Customs and Excise proposals take into account the turnover of less than £100,000 to make nine payments during the year with a tenth payment made together with the annual

VAT return.
The payments would be based on an assessment of the tax debt for the year. This would in turn be based on net VAT paid the previous year, adjusted for anticipated changes in turnover, trading and inflation. The annual assessment would be annual assessment would be divided by ten and payment would be made in nine monthly instalments by direct debit, followed by a final payment two months after the end of the accounting year which would include any adjustment recession. include any adjustment neces-

The IoD says it welcomes the proposal as an option for businesses which can foresee continued growth from year to year. "Customs literature on the subject should, however, con-tain a 'government health warn-ing' about how having VAT in-stalments based on the previous

year's out-turn could exacerbate cashflow problems in a business downturn, particularly where it occurs towards the end of a good year which has followed a poor year. The lob also drawn Brooke's

The IoD also draw Brooke's attention to what it calls one of the biggest unnecessary burdens on small businesses; the requirement that they put up a guarantee for the payment of VAT on imported goods if they do not pay cash for them at the time of import. Until two years ago, traders accounted for VAT on the imports at the end of each quarter. by which time the goods would probably have been sold off.

sold off.

This position will be restored by the 14th EC Directive. Until it comes into effect, the lob says, the Government "should instruct Customs and Excise to demand guarantees only in the minority of cases where they have reason to believe that the trader is not credit-worthy." A further VAT matter for the IoD and Brooke to ponder comes in a letter to the FT from Peter Kyle of Sanderstead, Sur-rey. Under new rules which rey. Under new rules came into effect hast autom writes, a surcharge is made if a trader is late in sending in a return twice within 12 months.
"I have just found ont what
happens if a return and cheque
are sent in at the right time but the former contains an error,"
he says. "Customs and Excise
bank the cheque and send the
return back for correction.
When it is sent back to them, a card comes saying the return deemed late as on the first sub-mission it contained an error. It appears that Customs and Ex-cise want to have their cake and eat it."

### **Big Bang** and USM

IT IS UNLIKELY that smaller companies quoted on the Un-listed Securities Market will be left out in the cold by the market makers as a result of the Big Bang. That is the view of Kleinwort Grieveson Securi-ties in its annual USM/Smaller Companies Review. If so, it should be good news not only for those companies already listed on the USM but also for those smaller companies with any eye on eventually going public on the junior market.

Some pundits had been forecasting that with the advent of puted. Big Bang and the abolition Grie of fixed commissions, market Third John Dodwell is managing director of Chancery Corporate Services, part of the Chancery Securities Group which has, inter alia, sponsored RES prospectuses for the two companies with their time and prospectuses for the two companies. This might lead the past."

Casting that with the advent of puted.

Grieveson points out that the Market "will also take makers would concentrate on some attractive companies, particularly some of the RES-aided not be worth their time and operations which have been effort to deal in more secondary denied access onto the USM in stocks. This might lead the the past."

USM to be squeezed between the main market and the Third Market, due to come on stream shortly.

However, Grieveson says it is apparent that, far from losing out in the new conditions, the USM is seeing more trade than ever. Furthermore, Grieveson foresees a thinning out process among market makers in the larger stocks, which may lead to more market makers being attracted to the USM, despite the narrower market size. Indeed, it feels the Third Market "may actually be a blessing for the USM" since Third Market candidates are likely to be the "greenfield projects" type which tradition-ally have had a bad time on the USM and therefore the USM might attain the respectability which has previously been dis-

### In brief...

AN INITIATIVE simed at closing a "funding gap" in the Southampton area has been set up by the Southampton Economic Development Corporation in co-operation with 10 local accountancy firms. A fund will be operated by

ector sources." SEDCO, a company set up

Board, set up by Kent # County Council to premote the county's opportunities. for business develop invested some £352,000 of venture expital in Kent-companies between Doormber 1985 and July 1984.

As a result, save REDR three of the investments had been accompanied by a further Sam from other

The Board says that its efforts oversess bore insi with the decision of the Japa nese manufacturing company, Full Seal, to expand its European operations into north Kent

KEDB also completed in the year the computarisation of its sites and property register and appointed a project executive with specific responsibility to develop new invastment projects for est

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### **TECHNOLOGY**

### Sweet sixteen holds balance of power

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Multi-valve engines or turbochargers? John Griffiths looks at trends within the motor industry.

MULTI-VALVED engines for cars are becoming the favoured option with manufacturers "the And Japanese world over." producers are taking an early lead in 16-valve four-cylinder units for small cars, according to industry analysts Automotive Industry Data.

AID's report suggests that the end of the turbocharger in small petrol car engines "is almost in sight," and that car manufacturers are adopting the principle of multi-valve engines as the best way of optimising power output and exhaust emissions without having to make concessions to engine weight, manufacturing costs, fuel consumption and vehicle running expenses.

venicle running expenses.

The report bighlights three recent, and significant, engine launches by the Japanese manufacturers Mazda, Honda and Suzuki. They have in common that they are the first volume-produced small car units of under 1.2 litres with four raives per cylinder and high power outputs, of between 76 and 101 brake horsepower (bhp).

AID says that the engines

AID says that the engines are certain to spark similar action from rivals: "The next few years will see the launch of a long list of similar engines with Japanese and European origins."

But high as the outputs are, will they necessarily herald the demise of the turbocharger except for diesel applications?

Another reported, from the London-based PRS consultancy and statistical group, is in only partial agreement with the con-clusions of AID.

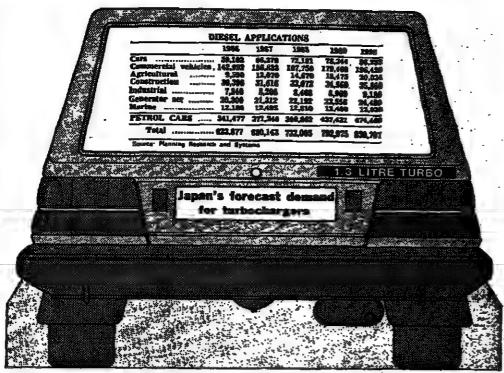
PRS's study of the Japanese turbocharger market, in observing that the outlook for turbocharged petrol engine car production in Japan is "mixed," says that "the battle between the competing alternatives (multi-valve v turbocharging) is

"Houds and Toyots, at least at present, clearly favour routes other than turbocharging for the central thrust of their engine development.

"However, Japanese technological leadership may preserve a complementary role for turbocharging in future engine de-velopments, and on that assumption we expect strong growth for turbocharged petrol engines.

The cartain growth area for the turbo, says PRS, is the diesel car sector. It expects turbo-diesel cars to increase both their share of diesel car production and, in turn, of the total car market as the diesel sector.

The worst characteristic of turbochargers — notably the threater a turbochargers.



However, Mr Hugo Vajk, president of the automotive sector of US-owned Garrett Group, which claims more than 50 per cent of the world market for car turbochargers, does not see the systems as inevitable rivals -but as complementary in both diesel and petrol applications.

Garrett currently is spending giom on new plant and equipment at its UK turbo-producing plant at Skelmersdale, Lancashire, established in the early 1970s and which produced its two-millionth turbocharger last year. It expects to produce 350,000 this year, representing about a quarter of Garrett's world output

Garrett late last year also opened its first manufacturing plant in Japan, where PRS statistics show it to have held market leadership—ahead of Japanese turbo makers like IHI—even before its Kodama plant came on stream.

Part of Allied-Signal, the US serospace and industrial conglomerate, Garrett is investing in turbo production because it believes the world market for

throttle "lag" while compres-

sor speed builds up which first led car makers to seek an alter-native way of boosting power—is already being eradicated by lighter units, says Mr Vajk. Two further developments, the al-ready well advanced varieties nozzles and ultralightweight ceramic rotors, will eliminate

problems completely, he adds. Subsequently, he believes, the combination of multi-valve engines with advanced turbos will have significant advantages for ear manufacturers. For

example, smaller engines could be used with no power loss, making it easier to meet ever stiffening exhaust emission standards. Where there is little or no

disagreement is in regard to the origins of the recent sharp growth in high-output small car petrol engines. As AID puts it: "The seemingly unstoppable trend is for more power, quicker acceleration, maximum speeds and almost



Ford's 150 mmh Sierra Convortin A marriage of 16-valve

マール・マール できます (All Marine Ma

faultless all-round handling." This applies to all sectors, incinding what AID describes as small "muscle cars," exempli-fied by hatchbacks like the Volkswagen Golf GTI and Pengeot 205GTi.

Such cars appear to be a growth-oriented sector, points out AID. For example, the Peugeot 205GTI — now being offered in 127 mph, 130 bhp form—accounted for 11.2 per cent of all 205 sales in France for the first 10 months of last

Following on the heels of the 18 litre 18-valve Golf GTI, AID expects French manufacturers to lead the European industry into small multi-valve engine promotion, with the first unit, of 18 to 14 litres coming from of 13 to 14 litres, coming from the Pengeot group to power a Citroen's new AX small hatch back from next antump. Benault could follow with a 1.4 litre unit in 1988.

The UK's Rover Group could also be an entrant from 1989 with its K-series engine—final development of which, however, has yet to be given its formal approval by the UK Government.

While the Rover 1.4 litre unit could be jaunched as a single overhead caushaft two-valves per cylinder unit to replace the current "long suffering and hopelessly outdated " A-series engines powering the Metro and some Maestro and Montego models, a 16-valve version is also likely. The K-series, be-lieves AID, could form the base power unit for the ARS, Rover's next collaborative car with

charger with multi-valve engine configurations for roadgoing use has already been demonstrated by Ford with its limited edition production, 150 mph Sierra Cosworth. Although of only 2 litres capacity, the engine produces 204 bhp. For competition use this is readily increased to 280 bhp by means of microchip substitution and other minor

The engine is expected to be incorporated as a permanent part of the Sierra range later this year.

\*Automotive Industry Data Newsletter, 34, St John St., Lichfield, Staffordshire, UK, WSLS GPB. 2220 or \$275

\*\*The Japanese Turbocharger Market 1982-90, PRS Publications, 44-48 Dover Street, London WIX SRF. 2395.

Edited by Geoffrey Charlish

Genius taken on by Pilkington

GENERAL Electric Company (GE) of the US has made the first sale in the UK of its new first sale in the UK of its new industrial control interconnection system, Genius. The system has been headled at the King Norton Birmingham plant of Filkington Glass, where vehicle windscreens are made.
Genius is a means of conmeeting factory floor production equipment to the computerised devices that control them—the programmable

them—the programmable logic controllers (PLCs). Older systems require individual cables from the producdual capies from the produc-tion devices (motors, valves, switches, etc) back to the PLCs, but Genius uses a system of "intelligent" con-nector blocks near the plant devices, with a single twisted pair cable runing back to the PLC, obviating much expen-

sive wiring. Pilkington is using Genius, in conjunction with GE's model 1650 PLCs, to control the furnaces in which Triplex windscreens are made. By dis-pensing with an older system, the company has substantially improved control over the furnaces to increase production rates by 21 per cent and sharply reduce material

wastage.
Genius, which has saved
Pilkington \$3,000 in wiring cost, will also enable faults to be discovered in half the usual time. By plugging in a hand-held unit, technicians can soon see which plant device has failed.

israel involved in running problem EXERCISE MAY not be good for you after all, seconding to the Technion-Israel Institute of Technology in Haifs. The Technion researchers

have found that mild exercise

Catalona & No. 12 Mar

performed by laboratory mice is alright if they are young, but middle-aged mice can suf-fer muscle and kidney damage, particularly if they are not used to physical exer-

More recently, the Israel Army medical corps has dis-covered similar effects in soldiers subjected to prolonged physical stress. Muscle and kidney maltunction were found, especially in recruits training in het, dry weather.

Pocket guide to financial services SMAILER THAN a paperback book, an unusual kind of microcomputer from Bank Marketing Consultants (BMC), Shrowsbury, UK, is aimed at meeting the needs of financial institution employees who market services direct to the

market services direct to the public.

The user does very little by way of reading crowded screens of entering quantities of data on a keyboard because the micro's application software and fixed data comes in the form of matchbox-sized carridges that are plugged in — a 330-page insurance rate book for example.

BMC is convinced that the

book for example.

BMC is convinced that the salesman should not have to worry about whether he is working the machine properly while the customer is probably being put off by complicated activity at the keyboard. The average training time on the BMC micro is claimed to be one minute. There is no "qwerty" keyboard, and fewer than 18 keys altogether.

Cartridges are under development for credit scoring, loan analysis, insurance planning, mortgage compar and pensions needs. More are planned. BMC claims that operation of the machine is operation of the machine is so easy that consultants are already simply handing it to their customers to operate. The basic micro costs about £200 and cartridges around

industrious old school network CRANFIELD INSTITUTE of

CRANFIELD INSTITUTE of Technology, a leading UK centre of learning and research in advanced manufacturing technology, has had its 50 buildings wired up by Ferranti for widehand (high capacity) communications.

The project, financially supported by the UK Department of Education and Science, will of Education and Science, will enable the college to examine

new methods of factory com-munications and also to run its existing Ethernet local area network.

The new, multi-channel wideband network will be

The good news is Selling technology

able to support simultaneously other Ethernet networks, MAP (manufacturing works, MAP (manuscruting automation protocol), pointto-point data links, video and 
audio — ali over a single 
coaxial cable. The system 
will allow the Institute to 
advise British industry on 
computer integrated manufacturing (CIM) technology.

Desk-top with a

sense of style RANK XEROX of the UK has announced desk-top publish-ing software called Ventura Publisher for use on the IBM

Publisher for use on the IBM personal computer model XT and compatible machines.

Described as "a powerful page composition package," it can integrate text and graphles from a number of existing software programs including Wordstar, Multimate and Word for text, and Lette 1.2% Autored, and PC. Letus 1-2-3, Autocad, and PC

Paintbrush for graphics.

The software uses "style sheets," a set of formatting descriptions for the page as a whole (size, margin widths, column widths) and for component parts like paragraphs.

Ceramics-A life of uncertainty

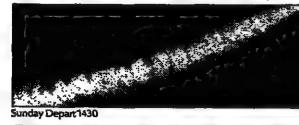
ALTHOUGH GREY cast iron is easy enough to machine, the use of coramic-tipped tools at high speed is produc-ing tool life variations which cannot be explained, accord-ing to the British Cast Iron

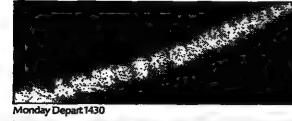
Research Association (BCIRA). Among the suggested rea-sons are the influence of trace elements in the metal and the presence of ferrite (a ceramic form of iron oxide) on the

surface. In the interests of productivity (which is affected by these uncertainties) and of product finish, BCIRA is preposing a group spearsored re-search project which should be of interest to both found-ries and machining com-panies. Entrance to the 40week project costs 24,650.

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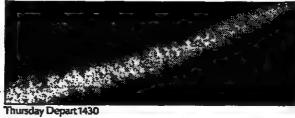
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To the board and to Ceramics-Al of uncertain VI PROPOSE GREEK the same stands to be the statement of comme The state of the sales of the s American the second

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same or the inductor elements in the mode form of itm existing the same of the same of the White Maidteil E ter id. it finish BCRA; Service a strup (NESO sa 2. fr garifert weit. be all merry to keep and maceung

Jack and the Beanstalk

the Park Lane Group proved itself to be the best of impresarios. Do London music-lovers realise that this is the only annual series in the capital

PLG/Purcell Room

**David Murray** 

The annual "Young Artists & 20th Century Music" week ended on Friday, and as usual character. The pianist Nigel Hutchinson displayed a fleet brilliance worthy of his teachers. Craig Sheppard and Earl Wild, and in Berio's Sequenza IV a defi-ness with the pedals (Berio which presents young per-formers—from a broad range, but all adventurous enough to tackle recent music—selected exclusively by fellow musicians? makes great use of the extra sustaining pedal) unusual in a British pianist. There is a virtuoso on the way. He gave a clean, thoroughly intelligent account of Copland's 1930 exclusively by fellow musicians?
Debut recitals are scattered
thick throughout the year,
according to the whims of
patrons and the intuitive
gambles of agents, and you pay
your money and take your inck;
the PLG offers an intensive
week of new recitalists (chosen
from flux times as many account of Copland's 1930 Variations without a hint of bashing. Samuel Barber's neoromanic Sonata needs rather more bashing, and a heftier rhythmic urge, than it got in Hutchinson's slightly bloodless performance — but he is probably wise not to broaden his palette too hastily. Fingers as clever as his should not be forced.

playing of such strength and

forced.

Martin Harvey's trombone was sensationally agile and accurate in the little Sonatina Maxwell Davies wrota for trumpet in 1984, and several other pieces demonstrated a fine expressive range of tone. I thought three Giacinto Scelsi pieces, in the weightily simplistic Scelsi manner, needed solemn presentation besides—Harvey's informality was too modest. He and the pianist Vanessa Latarche introduced Nicoles Sackman's new Sonata Nicolas Sackman's new Sonata stoutly and enthusiastically; for all its well-knit writing (maybe over-intricate), a certain monochrome impression was left. One wanted more air, and reassurance that Sackman isn't going the way of Hindemith.

#### Smetana Quartet/Wigmore Hall

Alan Forrest

Wimbledon has been staging kids giggling in the aixles falls

pantomines for nearly a cen-tury, sticking well to the of Robin Askwith as Simple traditions of glamour, glitter and a few gimmicks to upset the purist. This season's show due to him and his energetic

#### **Andrew Clements**

after 41 years, the Smetana Quartet have outlasted all their contemporaries. It would be misleading to pretend that the years have not started to take ome toll on their playing; there is now a brittieness to some textures that older recordings suggest have not always been present, and the warmth that is one of the most salient features of their style sometimes deserts them. But the assertial charac-ter of the group, the almost sub-liminal unanimity and expres-sive control, has been wonderfully preserved: how refreshing to hear again a chamber group composed of four equally pen ceptive partners bent upon a single interpretative goal, instead of four disparate views of the same work or evan, worse still, a quartet entirely dominated by its first violin.

That totally instinctive playing is heard pre-eminently now in the quarter literature of the

together at the Royal Academy only the year before last, but

they promise an exciting future. They were stave and sensitive in Dutilleux's Ainsi la nuit, expertly assured with all the un-

pitched "effects" of Penderecki's Second Quartet. In Debussy their stylistic intentions were

sound, the individual playing

more consistently successful than their ensemble, in which

principal voices were occa-sionally submerged. Still, one couldn't want a better basis for

development than individual

in the quartet literature of the Smetana's homelands—Smetana, Dvorak, Janacek—and the first two of those composers were

stays on the well trodden path it even has a flying ballet.

So it is a pity that such an action-packed and eye-catching

show is a bit short on comedy—
I can't recall one memorable—
awful joke. Harry Wutth gave—
us a lot of laughs in his tele-

With membership still intact minor and Dvorak's A flat fter 41 years, the Smetana quartet Op 105 were preceded partet have outlasted all their outemporaries. It would be the fourth of Beethoven's Op 18 dry and withdrawn, though still well schooled and thoroughly idlomatic.

Smetana's D minor quartet is ideally swited to the infinite resource and flexibility brought resource and flexibility brought to it here. It is a superbly concentrated work, hardly the product of "an alarmingly disturbed mind," as the writer of the evening's programme notes maintained, but rather the consequence of a fully controlled musical mind seeking to express the isolation and lack of sensation that deafness had brought tion that deafness had brought upon it. The sudden changes of mood, the interjections of allen material, the nostalgic dance rhythms recollected in despair, and the intuitive form of the work were all richly sustained.

"Equally" the more regular paragraphs of Dvorak's final quartet were allowed to emerge with total naturalness. Both the smetana and the Dvorak were played from memory, a prodirepresented in Saturday night's gious achievement in itself, but Wigmore Hall programme. also lending to the playing a Smetana's second quartet in D marvellous spontaneity.

Simon. He carries it very well and any laughs the kids get are due to him and his energetic presence.

The show's other strong man

is Anita Harris as Jack, though she hasn't the full stature of the great principal boys. She has the legs, the voice and the charm, and teams up with Askwith in some nice community with in some provide and the charm, and teams up with the charm and teams up with the charm and t

singing. David Griffin's Baron — the giant's front man-

is another nice performance; glowering spitting hate and dressed like a diabolical

#### Marlborough Fine Art/William Packer

### In praise of Frank Auerbach

Frank Averbach is without doubt one of the best painters doubt one of the best painters
— perhaps the best — at work
in Britain today, which is to
say he is among the very best
in the world. This might seem
a big claim to make, a surprise
alike to those at home who
accept the received wisdom that
the British are incapable of
setting any higher than the getting any higher than the second division when it comes to the visual arts, and to those to learn otherwise: but it is no more than the truth. The general prejudice may

well be disabused by the show of British art in the 20th cenof British art in the 20th century about to open at the Royal Academy, which I shall review next week. As for the particular cases, the process has already begun. The British contribution to A New Spirit in Painting at the Academy in 1981, which set the international context of current figurative expressionism, aroused at least expreessionism, aroused at least some international curiosity. In 1984. Howard Hodgkin was the first painted in 12 years to be given the British Pavilion in Venice, was the hit of the Biennale and was launched at once into international orbit. Last summer it was Frank

Auerbach's turn to be our man for Venice, where he was joint winner of the reinstated and entirely honorific Golden Lion of the Biennale, victor ludorum, or the Stennate, victor Indontal, and quite right too. Both Hodgkin and Auerbach, to put it 
kindly, are by now well advanced into mid-career. And 
for Auerbach especially, it 
seems more than a little late at 55 to achieve the proper international recognition that some of us here have long thought to be no more than his due. We may even have assumed it had already been won but for regular, innocent reminders by visitors from abroad, that after three decades abroad, that after three decades of considerable local recognition and consistent achievement he was known, if at all, not so much by his work as by his name alone "We have heard of him, but what sort of work does he do?" Significant strategic exposure abroad, areas a mero ely or aight years. even a mere six or eight years ago, might have shifted the balance of critical power towards us, to the real advantage of current British painting in general. But the moment

The work is the thing, and the manipulation of its material are not merely open and visible Mariborough Fine Art through but positively celebrated. All January and February is full of these works, portraits or what-frank Auerbach's most recent ever, in charcoal or paint, are production of paintings and registered by their particular drawings. He is a figurative, source and reference. They are that is to say representational, not at all exercises in verisimilipainter of the kind who works tude or particular characterise.



"Head of David Landau"

not by imaginative invention or tion. The intension, rather, is composition but directly by to achieve, in the portraits for observation and reference to example—by the peculiar his subject. By choice and long alchemy of paint and brush practice he works from what he knows best and most familiarly, and presence that has such within the deliberately narrow imaginative vitality as to have yet infinite scope afforded him a life of its own. yet infinite scope afforded him by the human figure on one hand and, on the other, the street and landscape close to his studio by Primrose Hill and No human being ever looked

quite like this, but then no human being was ever an oil human being was ever an oil painting exactly. There is no the domestic interior. He returns repeatedly, almost obsessively it sometimes seems, to the same motif, whether figure or object. In this instance the paintings and drawings question of any trick or tromps we too sense the presence of the l'osil or suspension of any disthe paintings and drawings from the figure are all portraits—heads and shoulders only of a haudful of his regular models.

long fixed within his closest acquaintance. The landscapes and interiors, too, are well used and familiar images, a tree on Primrose Hill and an interior at Vincent Terrace. None of the works is large, some very small. He is also an expressionist. The view that there is a quality of expressionism in all true painting is hardly new, but Auerbach is expressionist in the overt and technical sense, a painter in whose work the physiwhat it is, and the swoop and skid of the brush across the canvas, full of energy and force, grace and truth. Auerbech's method is known to be not one of cumulative and

judicious adjustment and relation, but rather of active revision and restatement. The image is throughly worked and reworked at a similar reduced and reworked again, and so again, until image, the marks which constitute it and the surface which carries it, are reconciled by some strange and wonderful intuition into a complete and final state, an autonomous object, definitive image and imaginative spar. The process may take hours or months.

And as we grow used to these things as they are, returning to give them another chance after an initial puzzlement or rejec-tion and relishing them now for their physical material richness, colour and technical con-trol, we begin to recognise their curious humanity and imaginative force. For of course they are more than mere things of paint and canvas. There is so, inevitable accumulation of experience to them, and they begin to share their secret history.

The artist's long confrontation with his own experience, vested as it is in his creative commuimaginative force which in-forms and enlivens his work. It is this vitality which engages us to share in the experience our-Before these images



"Study for Tree on Primrose Hill II"

#### Aladdin/King's Theatre, Glasgow

#### Annaiena McAfea

Even Aheneger, who usually thrives on interraction, felt moved to intervene, "It's too early in the panto for the collective sigh of relief. Essentially a bilingual comedian with a following north and south, Baxter was back, per-forming in his native tongue.

early in the panto for the oh no you won't' exchange," he growled, not without relish. The Glasgow audience, which has served as lynch-mob for so many careers, had been in seat-the served as lynch-mob for so many careers, had been in seat-the curtain-up. They came not to bury but to praise, and the focus of their adulation was Stanley Baxter, who was playing the Dame on home ground. When he stepped on stage in Widow Twankey's soap packet overall and a Princess Michael bouffant, Baxter had a Chauvinism was fuelled by a of loca very English Abanazar, admir-cheeky ably played like a dyspeptic Pekin. bon viveur by Alan Curtis, who kept up a stream of insults about baggis guzzling and heathen practices north of Hadrian's Wall. The audience, particularly the pensioners' parties, gave as good as they Michael bouffant, Baxter had a test for his audience's loyalty. "Lawndrih? Lawndrih?" he

John Ramage, an effervescent Wishee Washee, won over the children, and served as a perfect foil to Baxter. Judith Hibbert gave us a gaming Aladdin with the no-nonsense intoned in delicate Home Counties English. There was a steck-taking silence. Was this the Stanler Baxter they knew and loved? The Dame's genteel

Staging was pacy, driven along by the taut musical direction of Jili Stewart and the

unflagging choreography of Rhona Cleiand. The strong cast was boosted by the young pupils of local dancing schools as the cheeky coolie-hatted children of

The story-line was well main-tained, updated with local and topical references ("Help Ma Boab, It's Ian Paisley," says the Dame of the dour Grand Vizier), and interspersed with Baxter's own set-pieces. He demonstrated his regim for sharestory acting his genius for character-acting and timing as the lovely Marlene, pulchritudinous assistant to a magician, and gave us a splendid Highway Code strip-tease, right down to his No Entry knickers,

inquiry gave way to a rancous stance of a girl guide and a continued, "Brung out yer voice of ringing clarity. Terry Parsons combined wit and clatty class," and there was a collective sign of relief. Essen-along by the taut musical directions of the continue of the cont matern procession to the infiling willow-patterned finale.

Baxter's pustorous were a triumph of bad taste, particularly his Chinese takeaway ensemble, with noodle-hung tinfoil skirt and chow mein-and-

> Baxter and Ramage were at their best as the Ruchill Ravers, a pair of fluorescent - haired thugs from a district "so rough thags from a district so rough that Colonel Gadaffy used to be the Avon Lady." They gave us a punk medley of traditional Scottish songs (Marie's Wed-ding, I Dream of Jeanie, We're No Awa') that owed more to Sid No Awa') that owed more to Sid Vicious than Kenneth McKellar and the audience clapped, stamped and whistled as if at a ceilidh.

### Arts Guide

us a lot of laughs in his tele-vision days as the bumbling, with in a scatterbrained male spinster, but as the King he isn't given enough to do. His Dame Trot (Barrie Gosney) is glowering likeable but pretty low-keyed. dressed The burden of keeping the Malvolio.

Music/Monday. Opers and Sellet/Tuesday. Theatre/ Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

January 9-15

### Opera and Ballet

ome: Teatro dell'Opera: Co-produc-tion between the Teatro dell'Opera and the Bellet National de Marseille and the Ballet National to any sense of a group of ballets by Roland Petit. Alberto Ventura conducts and the scenery is by Josef Svoboda and the

costumes by Luisa Spinatelli. The Florence Teatro Commale's produc-tion of Carmen, with Elena Obratzova, Jose Carreras, Mario Malagnini, Silvano Carroli and Deniela Dessi is conducted by Jacquas Delacote and directed by Silvia Cassini, with scenery and costumes by Silville Ulsamer. (46 17 55). enios: Testro la Fenice: Macbeth con-ducted by Gabriele Ferro and direct-

ed by Luca Romoni (an undated version of the production for the Deutsche Oper of Berlin in 1980). In the cast are Piero Cappaccili, Olivia Stapp, Ricolai Ghiamrov and Veriano Luchetti (71 01 61).

Trieste: Testro Commale Giuseppe Verdi: Hungarian State Opera Ballet Company in Frederick Ashtun's La Fille mal Gardée, conducted by Janos Sandor. (63 19 48).

Barcelona, Aida features Maria Chia-ra, Fidrenza Cossotto, Lando Barto-lini, Alberto Rinaldi, Ivo Vinco and Franco de Grandis. Gran Teatre del Liceu. La Rambia 65. (318 91 22). **REW YORK** 

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performance of Tamhanese con-ducted by James Levine in Otto Schank's production with Jessye Norman, Eva Randowa, Richard Cassilly and Jan-Hendrick Rooter-ing. It joins the repertoirs of Rigo-letin conducted by Thomas Futton in John Dexter's production with Mariella Devia, Sherrill Milnes, Da-no Raffanti and Dimitri Kavrakos, La Bohème conducted by Julius Ru-del in Franco Zeffirelle's production with Leona Mitchell, Barbera Dan-iels and Brian Schermayder, Die Fiedermans conducted by Jeffrey Fledermans conducted by Jeffrey Tate with Kiri Te Kanswa, Tatiana Troyanos and Otto Schenk in Otto Troyanos and Otto Schenk in Otto Schenk's production; and Madame Butterfly conducted by Gianfranco Maximi in Renata Scotto's staging with Miss Scotto, Vasile Modovesnu and Lenns Carlson, Lincoln Center (1923 2005)

WASHINGTON

Washington Opera (Terrace): Strauss's Wiener Blut starring Sheryl Woods in Zack Brown's 1980 production in Zack Brown's 1980 production joins the company's Terrace Theatre season along with Don Pasqale in a new production by Donglas Wager conducted by Cal Stawart Kellogg with Francois Loup in the title role, Pamela South as Norina and Gran Wilson as Ernesto. The 1962 English-language production of The Abduction from the Seragilo returns conducted by Arnold Ostman with Joyce Guyer as Constanze, David Kuebler as Belmonie and Kenneth Cox as Osmin. Kennedy Center (234 9885).

CHICAGO Lyrie Opera: Ghena Dimitrova takes the title role in La Gioconda, con-ducted by Bruno Bartoletti in Filippo Crivelli's production with the Chicago City Ballet. Lotil Mansouri's 1981 production of The Merry Widow continues with Maria Ewing in the title role, Alan Titus as Prince Danilo and Jerry Hadley as Camille de Rossillony, conducted by Baldo Podic. (332 2244).

#### TOKYÔ

Spiritual Energy, an avant-garde piece devised by internationally-known fashion designer, Kansai Yamamoto with music by Yas-kaz. Japanese traditional taiko drum by Eitetsu Hayashi. Dance by Sayoko Yamaguchi troupe. Parco Theatre, Shibuya. (Wed, Thur). (470 2030; 477 5856). LONDON

Royal Opera House, Covent Garden: the postponed, long-awaited new production of Otello, with Plecido Domingo returning to the title role, also has Katia Ricciarelli and Justialso has Katia Ricciarelli and Justino Diaz (as in the Zeffirelli film).

Elijah Moshinsky produces, Carlos

Kleiher conducts. Lucia di Lammermoor, a drab revival sloppily

conducted by Michelangelo Veitri,

serves as a vehicle for the sitractive,

vocally finent (if not remarkably in
dividual) heroine of June Anderson.

244 10867.

(240 1066).

nglish National Opera, Coliseum:
David Pountney's production of The
Queen of Spades, windsty exosciated
when first seen a few years ago, rewhen first seen a few years ago, re-turns with Alan Woodrow and Jan-ice Cairns new to the leading roles, and Sarah Walker repeating her spellbinding counters. Further per-formances of the poor Fouriney production of Carmen and of the Fledermans revival brightened above all by Lillian Watson's Adele.

### Sweet Sue/Music Box, Broadway

#### Frank Lipsius

A. R. Gurney Jnr, chronicler sounds funny; Miss Redgrave's of upper-class New England remarks tend to sound sarcestic. WASP culture in plays like The Middle Ages and The Dining Room, manages to switch gears in Sweet Sue, a comedy at the Music Box starring Mary Tyler Moore and Lynn Redgrave. Though the title echoes a Big Band era song, the play is a modern romance between middle-aged woman and her son's college roommate.

woman, Sue Wetherall, while Barry Tubb, a teenage heart-throb in films like Top Gun and throb in films like Top Gun and Mask. The echo of Peter Nichols's Passion Play is unmistakable, but the alter egos appear more like friends than contrasting sides of one personality. They ruminate over their feelings, inhibitions, and dilemmas with each other. Indeed, they get along better with themselves than with the other character. character.

The two actresses make an interesting contrast in playing the same character. Miss Redgrave sounds haughty, at times like a lecturing mother, while Miss Moore seems genuinely trying to match the sensibilities of a younger generation. When she cuts Jake short by saying, "Leave it alone, will you?" she

Jake is supposed to be a Dartmouth student, but he is inarticulate and becomes a clicke of his generation when he thinks Easter is synonymous with Fort Lauderdale. Sue is far more delineated and sympathetic, wasting her emotions on him. His only attraction must be hidden from the audience when he coyly poses naked facing the back of the stage, in gratuitous scenes of Sue trying to rise above being a Hallmark designer and

become an artist. "The 'Sweet Sue' syndrome," as Miss Moore defines it in the as Miss Moore defines it in the first act, is that "we're all just a fittle too prudish around here." The remark describes the play, which stays at the level of the inexperienced gawky young man rather than capture the woman's gradual willingness to give in to the feelings that overwhelm her.

For two acts, until seven minutes before the final cur-tain, the characters are occasionally funny and touching as they dance around their mutual attraction. The climatic moment of Sue's admission of her feelings ends the play, just when it really should be beginning.

#### Turandot/Palace, Stamford

#### Andrew Porter

THE CONNECTICUT Grand Opera is perhaps better known in Britain (after its Edinburgh in Britain (after its Edinburgh Festival performances) than in America. But it attracted the limelight with the American sage premiers of Busoni's Turandot. Its home is the renovated Palace Theatre in Stamford — a bucyant town within communities distance of within commuting distance of New York — where several big companies have their headquarters; among them GTE, Pitney-Bowes, Xerox, Schweppes, Singer, Olin and Champion International, Finan-cial Times vending boxes stand

Turandot was composed in 1917 as a companion-piece to Ariscohino. It's not one of Busoni's more profound pieces but has a lean, neat quality that is very pleasing. It is closer to Govern than its Purchol's 1924 Gozzi than is Puccini's 1924 version, which started from Schiller's German adaptation. Emotions and incidents are stated, not lushly explored. The instrumental colours, the trenchant harmonies, the bold counterparts, melodies derived from Chinese originals (also "Greensleeves," which fits in very well once its English associations are banished) are distinctive. People sometimes say Busoni's music lacks character. I hear his personal stamp on every page.

It was a good performance. Patricia Craig, the heroine, is one of America's superior sopranos. Her voice is at its prime (she'll be 40 next year). Vocal "burn-out" is a phenomenon in the news here: wear and tear caused by tackling too

heavy roles too soon, in large houses, while sacrificing beauty and purity of tone to force and volume. (One famous inter-national tenor has threatened a critic with libel for instanc-ing him.) But Craig has matured wisely and well. Her ample soprano moves ably and surely — true, steady, and unforced at climaxes, She has studied with Magda Olivero, and mention of that name may suggest some of her old-time electric actress - vivid moments, then uncommanding at others. But of the difficult and uncommonly satisfying

and uncommonly satisfying performance.

Calaf was a new Spanish tenor, Juan Luque Carmona, whom we should be hearing more of since he has a well-formed, supple voice, bright and forward in its focus. Franco Ventriglia, praised in these pages in the '60s for his Donizetti performances (Parisina, Pia de' Tolomei) in Siena, is now the company's prinis now the company's principal bass; his Barak was excellent. There were bright sets by Ugo Nespolo (dulled by the cliché blackness around them) and a straightforward production by Arvin Brown, director of the famous Long Wharf company in New Hayan. Wharf company in New Haven. Spirited conducting by Laurence Gilmore, The opera, for

no good reason, was sung in Italian translation.

It's a sad comment on America's disjunct, uncoordinated operatic enterprises this this carefully prepared production had just two showines, the Bridgeport,

#### Sigiswald Kuijken/Wigmore Hall

#### Max Loppert

Sunday, and they were well rewarded. He is probably the leading Baroque violin player of the day, and on this showing his reputation remains entirely well-founded; for he plays the solo Bach works—on this occa-sion the A minor Sonata, BWV 1003, the E major Partita. BWV 1005, the E major Partita, BWV
1006, and, after the interval, the
D minor Partita, BWV 1004—
with inspired directness and
freedom of touch and sound.
After all those Bach solo violin
recitals one can recall, in which the high-altar atmosphere and the urge of "express" every note proved nearly overpowering, it was balm to the senses to be allowed simply to set back during this one and enjoy the

The instrument Itself and the

Mr Kuijken's Bach violin comfortable to listen to). But recital brought a full house of the unforced, nutty sweetness devotees to the Wigmore on and the concomitant avoidance of volume-seeking pressure of vibrato excess certainly helped to clear a path through to the sense of each movement in each work; and Mr Kuijken certainly followed it, with captivating freshness of spirit and lightness

of step.

His freedom of phraseinflexion and his strong yet
sophisticated command of
Bachian rhythm—virtues here
shown to be inextricably
linked—were especially remarkable in bringing out the robust humour, at times one might almost say the hilarity, of the E major Partita. Bach's foxy way of suddenly varying a phrase-length or a melodic shape so as to throw an unfoldsnape so as to throw an unfolding sequence off course has seldom been so smilingly demonstrated in concert. In similar fashion Mr Kuijken dug The instrument itself and the manner of its execution do a great deal to help. Not everything went absolutely right for the player all the way through Sunday's recital (there was a tendency to missire on the E atring in passages of speedy double or triple stopping, which particularly made he fugue of the A minor Sonata slightly unseldom been so smilingly demonstrated in concert. In similar fashion Mr Kuijken dug the rising dramatic excitement out of the D minor Partita. The great Chaconne that closes it was not just a tour de force (though it was indeed that) but a sensible close to a grand work: all the more magnificent for sounding so little portentous.

#### Dick Whittington/Bromley

#### **Antony Thorncroft**

After the social realism of ruled his touring players as among the dancers.

successful panto but Roy Hudd also get the cast going every does. His personality embraces the entire audience and overwhich way.

Despite his eulogy at the end for good old fashioned panto this Dick; Debbie Flittorft, Alice Fitzwarren; and Bill Pertwee her father, the alderman, but they all rather passed man, but they all rather passed me by. Hudd, in his coats of

Aladdin at the Shaw in radical Learn Camden it is a relief to return The only actor to compete at Camden it is a relief to return to traditional values at the Churchill in conservative as Sarah the Cook, and it is Bromley. The costumes positively reek of extravagance; the sets are picturesque and plentiful; and there are even boys being down cameos. Hudd is at the dancare mong the dancers.

his best stirring up the
None of this guarantees a audience, although his ad libs

10 minute guest spot oblivious to any plot. But by concentrat-ing on the comedy routines, and many colours, dominates the keeping the sentiment to a proceedings as Idle Jack as minimum, it is rumbustious remorselessly as Donald Wolfit stuff, thoroughly enjoyed by all.

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### **FINANCIAL TIMES**

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Tuesday January 13 1987

### Papering over EMS cracks

THE HANDLING of the latest that Europe is an isolated realignment of the European island. Discussions focused on Monetary System left almost economic strains internal to everything to be desired. A Europe and narrow political considerations—such as weaker members' desire to pass off their vention in excess of \$10bn and acrimonious talks lasting until early on Monday were not the way to convince supporters of freely floating exchange rates — in Lon-don and elsewhere — of the superiority of a grid managed by politicians. The hope now must be that the 3 per cent revaluation of the D-Mark will rapidly make possible lower interest rates throughout Europe, and usher in a lengthy period of currency stability. great unease about the US

However, the stability could prove elusive even after the resolution of political problems in France. It was confidently, if erroneously, expected last April after an effective 6 per cent devaluation of the French franc against the D-Mark. That reshuffle was followed within four months by a large devalua-tion of the Irish punt and by intense speculation against the Danish krone which, understandably, was not permitted to revaule alongside the D-Mark on Monday.

In marked contrast to the two years of stability which pre-ceded the summer of 1985, the past 18 months have seen no fewer than four EMS realignments. Unless the frequency of adjustments is reduced, old fears that the EMS could degenerate into a system of crawling pegs will be revived. Such fears were initially sparked by five realignments in the pacts

#### Grand hopes

The key question is whether this week's small D-Mark re-veluation will do more than buy a little sime. The adjustment vis-a-vis the French franc and other weak EMS member currencies may look quite generous in relation to changes in the countries' relative competitiveness, as measured by real unit labour costs. But this is hardly the main source of strain: the EMS has been under pressure since early 1985 (as it was before 1983) largely because of the dollar's weakness. When investors become dis-illusioned with the dollar, capi-tal tends to flow disproportionately into the D-Mark because other KMS units play little role

members' desire to pass off their currencies as reasonably "hard." Economically, it would have made more sense for the EMS negotiations to have been part of wider international currency talks aimed at determin-ing the need for dollar depreciation. As it is, EMS members could have underestimated likely portfolio shifts into the "safe haven" D-Mark at a time of record US trade deficits and great the HS

economy's resilience. The strains experienced by the EMS may also reflect its failure to evolve as intended by its founders. Institutions which do not adapt as circumstances change run the risk of eventual decay. The EMS in its present form was meant to last only two years. There were grand hopes of setting up a European Monetary Fund with real powers, and of advancing towards the summit of Euro

#### Weaker members

Such plans have long been gathering dust and are certain to remain unrealised until two immediate challenges are successfully met. The first is to ensure that the UK does become a full member after the next election. The case for full membership remains as strong election. The case for fall membership remains as strong as ever; the studies all show that the EMS has reduced exchange rate volatility (which can only be good for business). Moreover, for a given meroeconomic stance, membership would almost certainly result in lower UK interest rates—it is lower UK interest rates—it is ironic that France, despite all its recent problems, still enjoys significantly lower short-interest rates than Britain.

The other challenge is to improve the technical operation of the EMS. Last week's row might have been avoidable had the rules on currency interven tion been different. It might be beneficial if strong currency West Germany) were obliged to support weaker members sooner, and before bilateral limits were breached. Tech-nical reforms cannot, of course. make up for a lack of political goodwill between members. It co-operation which will have to weak's realignment strengthen if the EMS is to lead

### Trinidad and the future of Caricom

MR ARTHUR ROBINSON, the Prime Minister of Trimidad and Tobago, has made an encouraging start in the wake of last uncertainty landslide electoral victory by the National Alliance for Reconstruction (NAR). His deal of scope for trimining the subjust approximent decrease. cabinet appointments demonstrate his determination to carry out his campaign pledge to tackle public morality and

Trinidad's ailing economy. Given Trinidad's position in the Caribbean as the region's richest country, this is a welcome development. Although an upswing in the Trinidad economy binges upon a firmer oil price, much can be done by reversing the previous govern-ment's protectionist policies which have been one of the major fectors holding back greater integration of the small island economies of the Carib-bean within the common market

House of Representatives, un-seating Mr George Chambers, the incumbent premier, and ending 30 years of uninter-rupted rule by the People's National Movement (PNM). In purely domestic terms, argusby the most significant outcome of the December elections has been the way in which the traditional mould of the ethnic vote has been broken. Mr Robinson has drawn away part of the majority black vote, the core of PNM support, and the electorate has been mature enough to accept greater cohabitation with the (east) Indian population.

#### Regional recession

Much of the credit must go to Mr Robinson himself for his ability to forge unity among a disparate opposition movement. But he also fought a campaign on issues that directly appealed to voters including a clean up of corruption, trimming back Finance and Foreign Minister under the late Dr Eric Williams, the father of the islands' independence; and he now has a wide margin of manoeuvre to carry out his electoral piedges.

existing fat in the state sector. Nevertheless he will have to be careful not to raise expecta-tions too high over an early

However, it is Mr Robinson's commitment to seek better relations with Trinidad's Caribbean neighbours and to adopt a less restrictive approach to trade that has aroused most interest outside. The previous government of Mr Chambers reacted to the downturn in the oil price and regional recession by resorting to protectionism. Admittedly Trinidad was no island economies of the Caribbean within the common market
organisation, Carlcom.

Mr Robinson's victory at the
head of the NAR was the most
decisive in recent Caribbean
electoral history. The party
won 33 of the 36 seats in the
House of Representatives, unseating Mr George Chambers.

Admittedly Trinidad was no
roads has increased 17-fold in
the past 50 years. Facing a
rigid timetable of 45 minutes
per candidate, examiners often
have to curtail tests after
spending lengthy periods in
traffic jams.

According to the Society of
the region, the impact of its
Civil and Public Servants, the
examiners' trade union, they the largest export market in the region, the impact of its policies upon Caribbean trade has been keenly felt, especially in Barbados and Jamaica. This in turn has helped undermine the hesitant progress of Cari-

> Intra-regional trade has been almost halved since the begin-ning of the 'eighties, and now accounts for little more than 5 per cent of total imports. Much of the region's trade drive has been redirected towards the US, benefiting from privileged access under President Reagan's Caribbean Basin Initiative

Dependence on the US, which has increased after the Grenada invasion, is probably irreversible given the small scale and limited resources of Caribbean economies. theless. Caricom provides 2 useful mechanism for establishing more political cohesion and economic integration, and the the state sector and stimulating new Trinidad Government employment. He is an experishould do what it can to reenced politician, having been finance and Foreign Minister contains the largest concentration of small states in the world: the Caricom framework, properly developed and sup-norted, should belp to ensure the long-term livelihood and security of the region.



SCY PECULATORS may do One harm as bubbles on a steady stream of sterprise. But the position

is serious when enterprise becomes the bubble on whirlpool of speculation — then the capital development

When Keynes wrote those words in 1936, the world was still echoing with the explosion of the greatest speculative bubble of all time — the 1920s doom and crash on Wall Street. Fifty years later, waves of fin-ancial speculation have once igain washed over and trans-formed the business landscapes of the US and other capitalist

Takeovers and corporate raids are running rampant. Even the largest companies, including US Steel, Gulf Oil, Bank of America and Goodyear Tyre and, in the UK. Imperial Group, Distillers and Pilkington, are subject to attack. Are the British and US economies really in danger of drowning in Keynes's "whirpools of speculation?" Or is the whole-sale redistribution of hydroges. sale redistribution of business assets, the ruthless purging of established managements and the audacious creation of fin-ancial pyramids merely a healthy sign of the entrepren-eurial renewal which Joseph Schumpeter, the other great economist of the 1930s, called creative destruction?"

This series of articles is designed to shed light on these questions by looking at specific cases of controversial mergers and financial reconstructions.

These articles damonstrate firstly that every financial deal is different and must be is different and must be examined on its merits and, secondly that there are serious costs—as well as potential

Beyond these truisms there are only a few conclusions that would be accepted by the whole spectrum of opinion, from Keynesian sceptics to devotees of laissex joire.

Clearly the insider trading scandals surrounding Mr Ivan Boesky have cast a shadow over the takeover frenzy. It Boesky was the leading member of the community of arbitrageurs who make their fortunes by buying stakes in vulnerable companies which they thereby help to put.

The arbitrageurs activities

The arbitrageurs activities tip the scales in favour of the aggressors in contested takeovers because they gather large pools of shares into the hands of individuals, whose only interest is to sell their stakes to the highest bidder in the

Two other stratagems common in the merger boom, while not illegal like insider trading, are almost as widely condemned. The payment of "greenmail," whereby victims of takeover bids buy back at premium prices the shares accumulated by corporate raiders, is

The takeover wave has created controversy in corporate America....

# Predators high on junk

By Anatole Kaletsky

denounced even by the raiders who pocket the proceeds Equally indefensible are the "poison pills" and "shark repellants," with which poten-tial takeover victims try to protial takeover victims try to pro-tect themselves—by cancelling voting rights on shares, piling up debts, disposing of prize assets or even devising mech-misms to liquidate themselves automatically in the event of an unwelcome bid. There can be little doubt that reemail and poison pills—to say nothing of insider trading— tend to damage the companies concerned, to create distortions in the capital markets and to bring the whole of Wall Street to discounts. But there who into disrepute. But those who argue that the market will iron

out its abuses are gradually—if slowly and expensively—being proved right. Although more companies are devising poison pill plans almost daily, these have had only limited deterrent effects. Even such giants as Philips Petroleum and RCA have ultimately been swallowed up, poison pills and

A study by the Securities and Exchange Commission, which examined all the 245 listed comexamined all the 225 fished com-panies which had adopted poison pills by July 4 1986, found that more than half of the 30 of them attacked by hostile hiddens did eventually succumb, albeit sometimes to friendly "white hillghis" instead of the original raiders.

Greenmail may also be going out of style. Despite the recent controversial payments by Gillette and Goodyear to Mr Ronald Perelman and Sir James Goldsmith, respectively, both companies are being forced to sell off large portions of their businesses to fend off further corporate predators and service the new debts they have incurred. But they now also face lawsuits from disgrantled shareholders.

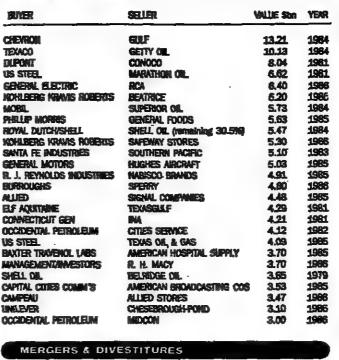
But if greenmall, insider trading, poison pills and other highly publicised abuses of the merger frenzy can be dismissed as marginal problems, the more important issues — the impact on industrial structure, on corporate management and on the stability of the US financial system — are much more com-plex and ambiguous.

It is endlessly debatable, for instance, whether the wave of mergers has actually improved the US economy's competitive structure. Takeover bids have

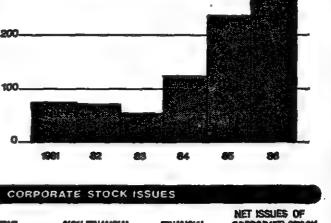
structure. Takeover bids have certainly shaken up sleepy companies and woken up both managements and labour forces to the harsh realities of the competitive struggle.

It can be argued that a cold shower, like that to which the overvalued dollar exposed the trading sector of the US economy, has been administered by corporate raiders to the many US industries immune from foreign competition—branded consumer goods com-

and retailers, for But there have also been competitive costs to this process.
A strong theme of takeovers has been consolidation of important industries, including



MAJOR DEALS



YEAR	NON-FRANCIAL	FINANCIAL	CORPORATE STOCK
1981	\$-18.6	-4.9	\$-23.5
1982	\$-12.7	-7.6	\$-20.3
1983	\$24.0	17	\$25.8
1984	\$-82.4	0.7	\$-81.7
1985	\$-72.7	11.8	\$-61.4
1986 Ext	\$-76.3	13.7	\$-62.6
Source: Stioms	o Bros.		
maller nur	oher of very large	e metitors for	om abroad — in
companies.	Another aim o	Drocess con	operable to the re

companies. Another aim of corporate restructurings has been to concentrate resources on "core business." This has frequently been taken to mean that companies should only operate in businesses where they can hope to exercise market leadership — influencing prices in aligopolistic competition between three or four dominant players.

This has wards.

Similar dichotomies arise over the impact of predators on the efficiency of individual companies. Does the threat of take-over force managers to shorten their time horizons and neglect research, costly expansion plans. four dominant players.

dence that the first detrimental financed by junk bonds. The effect is stronger than the bonds are secured by corporate

Yet little empirical evidence exists on these issues. What statistics there are seem to point to surprising conclusions. An SEC study of takeovers and research spending in 1985 showed that companies falling victim to takeovers in research inten-sive fields spent only half as much on research prior to take-over as firms in the same industries which the raiders left

Indeed, the argument over time horizons and streamlining begs another question. Is a sleepy, complacent, bureaucra-tic management with a longtime herizon preferable to an agres-sive, entrepreneurial manage-ment which thinks only about how much its stock options will be worth next month? The answer obviously depends upon the company and industry in

question.

There is only one fundamental feature of the merger boom on which generalisations are perhaps valid—and disquieting. This is the impact of mergers on the US economy's

financial structure.

The merger busines in the US, unlike Britain, has been financed almost exclusively by debt—and on a scale which is enormous even by the standards of the US capital markets.
According to Salomon Brothers,
a total of \$267bn of corporate
assets changed hands last year
in all forms of corporate finanin all forms of corporate finan-cial restructurings. To help finance this asset-churning, non-financial corporations borrowed more than \$1000m last year, most of it to retire \$760m of equity through mergers, buy-outs and restructurings. Total stock requirements in the past three years are estimated at \$231bm, equal to 11 per cent of the total value of all US equities in 1984, when the merger boom began.

It is not just the quantity but

merger boom began.

It is not just the quantity but the quality of debt that many economists find worrying. Of the \$118bm of corporate bonds issued last year, about \$30bm were "junk bonds," regarded by the US rating agencies as being below "investment quality"—in other words. being below "investment quality"—in other words, carrying a significant risk of

Until recently no companies of this standing were able to raise money on the US (or any other) bond market. They had to raise it from equity inve to raise it from equity investing and barrow from the banks, which could examine their books in greater detail than any bond investor and generally required collaters. In the past four years an explosion of the junk bond market has been both a cause and a consequence of the takenery boom.

Some economists, such as those of the Chicago school, make managements improve companies. As a result the two argue that such concentration financial controls, clarify objectives and squeeze out excessive corporate control and the responds to market signals. But

asset, and the value of these assets in turn depends on the price paid for smaller assets in the last junk-financed acquisi-

poud issues make no bone about the fact that the are "insufficient to cover in-terest payments, and the ability terest payments, and the shifty to satisfy obligations will be largely dependent on the ability to sell assets for sufficient proceeds," to quote almost verbatim from the offer document in Turner Broadessing System's \$1.5bn successful bid for MGM. The document also shows a \$490m pro-formal loss and a \$156m cash flow deficit for the combined company in the seven accounting quarters before the bond issue. So far Mr Turner has sur-

So far Mr Turner has sur-vived by selling MGM film assets to other media com-panies. One of these is Mr Rupert Murdoch's News panies. One of these is Mr Rupert Murdoch's News Corporation, which last year raised nearly \$2bn in just bonds and bank bestowings to buy seven television stations from Mr Jack Kluge's Metro-media. Mr Kluge's Metro-media. Mr Kluge's himself acquired this company in a junk-financed leveraged buyout, worth \$1.2bn in 1994.

worth \$1.2bn in 1984.

To make the circle even tighter, leading investors in the junk bond market include insurance companies, which have made a profitable business of selling amulties based on high junk bond yields to connanies which want to wind me panies which went to wind no their pension funds as part of their junk-financed corporate

This kind of merry-go-round mevitably grinds to a halt-and at that point there could be trouble for bondholders in the many junk-insuced companies which have never pre-tended they could survive on current earnings or cash flow. In reality, many junk issues are more like equities than bonds and the interest which they and the interest which they pay is nowhere near sufficient to justify the risks they carry. This is, of course, why US financiers prefer to finance their takeovers with these relatively cheap bonds and thereby maximise their own potential for equity profits.

In the event of a recession—which would simultaneously his the cash flows of all the highly

the cash flows of all the highly leveraged compenies—there would be clear possibilities of a cycle of funk bond collapse, forced sales of streets, balance sheet writedowns and further The portfolio diversification which has given many junk bond investors an illusion of safety, would be rendered worthless in such circum-

over force managers to shorten their time horizons and neglect as much as 75 per cent of the lent to Latin America, the US research, costly expansion plans junk bonds being issued are farmers or the energy industry and risky projects? Or does it used to buy or restructure found little joy in the spread of their loans.

sion is bound to hit. The only question is whether this hapresponds to market signals. But costs: Logic and anecdotal evithere are signs that, as US compamies have streamlined and
probably true — although the
demestic oligopolies have tightened, large market segments rare in the Japanese capital
have been abandoned to commarkets is often cited as eviretailing, where mergers are yields their magical results.

#### A test of stamina

After a 20-year campaign to convince a wider public of the stresses and strains of their job, Britain's long-suffering driving examiners have at last received some official recognition of their cause.

A report commissioned by
the Health and Safety Execu-

tive says the examiner's current, graelling routine of nine tests a day, unchanged since 1935, should be cut to eight on health and efficiency grounds.

One reason for this is that the volume of traffic on the roads has increased 17-fold in

examiners' trade union, they accept that their judgment may not be at its best at the end



British Rail regret the delay to services—this is due to adverse weather conditions in the Leningrad area"

### Men and Matters

examiners are recruited, writing lists for the driving test will grow even longer if the workload is eased.

The Transport Department which wants to reduce the average waiting time to 11 weeks, says that the present average is 15. But learner-driver in Fact Combinitionships

Anything, it seems, can be fixed with sticky tape—even a 12-metre America's Cup contender. In Fremantle, Dennis Con-ner's Stars and Stripes syndicate has revealed a hitherto secret plastic film, made by 3M, which will cover the hull of the bost Conner takes into the final of the challenger selection compo-

The product, which is still in the experimental stage, is called drag reduction film, and has been tested by NASA and the Boeing sircraft company. Sheets of thin plastic are scored with hundreds of minute longi-tudinal grooves that are said to reduce drag significantly.

Conner and his crew, who

begin a best-of-seven series against the all-conquering New Zealand yacht today, spent Christmas Eve and Christmas Day glueing the panels on to the underbody of Stars and Stripes. They won their subse-ment semi-final.

"You never know with these things quite what is making the boat go faster," says designer John Marshall. "But we are confident that the riblets, as we eall them, are making this yacht go faster.

of a hard day — and especially mot at the end of a hard week.

But ministers are unlikely to rush into implementing the report, prepared by Onford University psychologists and the Employment Medical Advisory Service. Unless more examiners are retruited, waiting lists for the design test for the design tes of the right sort—can actually reduce the stickiness between a

hull and the water. 3M remains cautious. "I don't SM remains cautious. "I don't know that anyone is prepared to say that the addition of our film is the dominant reason for the success of Stars and Stripes," says Clem Nelson, vice president of the group's decorative products division, which has the responsibility for this potentially hot number. But if the America's Cup is about anything it is about ourn-

about anything it is about onup-manship. So few were surprised when the New Zealand skipper, Chris Dickson, said yesterday he knew all about the secret coat-ing. His boat New Zealand, had similar coating of a different a similar coating of a different

Under the weather Apart from the obvious effects

Apart from the covious execut, of a cold snap like the present, even subtle changes in weather conditions can help trigger martial rows, headacnes, pams : use limbs, and depression, says West Germany's metorological office. The Folian wind, account and depression and depression, says west Germany's metorological office. The Folian wind, account and depression and depression and depression. a warm and dry southern blow, is notorious for making Bavarians jumpy and for pushing up the number of road accidents.

So, back in October, the West German telecom mono-poly, the Bundespost — ever eager to refute charges of its own crustiness — started a phone in experiment which enables people feeling under the weather to ring the met men in Munich, Frankfurt and Dusseldorf, for advice.

Doctors phoning the weather centres are advised on how to yacht gu faster.

Hoeing's experiments indicate
a 6 per cent reduction in drag

change their prescriptions to
allow for changes in the local
climate. People worried about

their blood pressure are told to take it easy when a warm front prevails.
Some 80,000 people have so far used the service; and the help-line is likely to be ex-tended nationwide next autumn. Around 20m Germans who claim be suffer from the weather, may be the better for it. The Bun-despost should certainly regis-ter an improvement in its

#### Fishing line

Twelve years ago, Brian Swinbanks, 42, quit his job as head of a toy design team for Raleigh Industries. "We were not doing much more at the time than changing the colours of existing toys," he says. A keen sea angler, he moved to Tobermory on the Isle of Mull, and started a new business, chartering boats and selling fishing tackle to

This unique combination of carears has now brought Swinbanks the first ever award from the Design Council for a sea angling product — the "Knotless" range of terminal gear which enables anglers to change hooks and lures in change hooks and lures in seconds without tangling or cutting their lines.

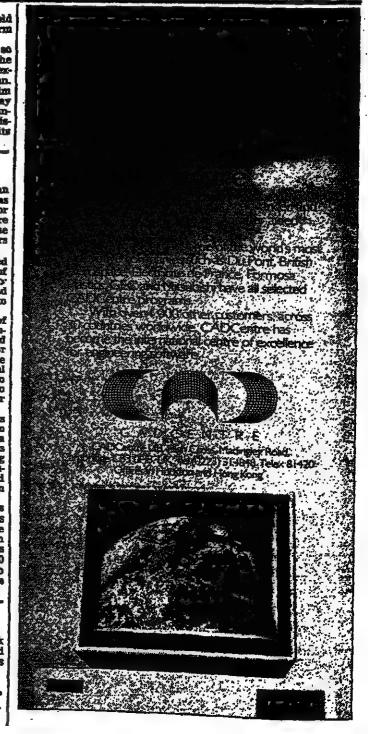
The system took Swinbanks and his brother, Duncan, two years to develop, "It is a short season on Mull," says Swinbanks. "We were looking for a manufacturing opportu-nity that would provide us, and others on Mull, with work in the slack winter months."

The "Knotless" products were introduced at Britain's were introduced at Britain's annual fishing tackle trade show list July and were an instant success. Production is already running at some 10,000 a week, and the range will go on sale in Europe later this year, and in the US next year.

#### Good heavens

Sign outside a New York church: "Become a committed Christian. The fringe benefits are out of this world."

Observer



### ... but in the UK BTR's acquisition of Dunlop has brought some benefits

nesquy landaly ge

nerica

"It produced real culture hock," recalls Mr John Roberts, who has been with Dunlop for 2 years and now heads BTR's erospace group, "but it has noved a vigorous and discisions" way of controlling operations."

een a crucial factor over the ast 20 years in the growth of TR, under the leadership of hairman Sir Owen Green, from the temble origins in the rubber ector into one of Britain's argest companies. The story of

hairman Sir Owen Green, from hairman Into one of Britain's arguet control methods.

"We demonstrated that, despite what they may have read in the press, BTR takes a strategic view of its businesses, says Mr Stammers. "We proved that we've each got only one head and a couple of eyes." Simultaneously BTR was working out how to slot the various Dunlop companies into its structure. This consists of groups of related companies, each headed by peripatetic chief executives who report to one of four regional chiefs. The task needed to be done to businesses, such as the sporting outlop, after the tyre-making out how to slot the various Dunlop campanies, each headed by peripatetic chief executives who report to one of four regional chiefs. The task needed to be done to businesses, such as hose and beliting, fitted naturally into BTR groups with similar operations. Some were allocated to broadly related groups, while others, such as the sporting goods operations, were so large and cohesive they needed to be treated expansively.

The existing Dunlop management management phillosophy and its famous at the price what they may have read in the press, BTR takes a strategic view of its businesses, such as strategic view of its businesses, such as the sporting goods operations, were so large and cohesive they needed to be treated separately.

The existing Dunlop management phillosophy and its spite what they may have read in the press, BTR takes a strategic view of its businesses, says Mr Stammers. "We proved that we've each got only one the price white press, BTR takes a strategic view of its business BTR's first task was to allay

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four regional chiefs.

The task needed to be done
tand, "says Mr Roberts. "You all find you've got can
be like a eleastic
life the hief chairmanship or
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By Martin Dickson

the fears of Dunlop's managers. Within days, the joint chief executives of BTR's European operations, Mr Lionel Stammers and Mr Hugh Laughland, travelled to two or three Dunlop plants 2 day to explain BTR management philosophy and its financial control methods.

method.

The first element is a series of financial reporting forms refined over the past two decades. Each group files monthly reports to BTR's small, unprepossessing London head office, and these are tracked against the major touchstone of performance, the subsidiary's annual profit plan.

This plan is drawn up, be-

This plan is drawn up, be-tween Angust and November, in a series of negotiations between line managers and head office. The aim is to set a series of per-formance targets for the follow-ing year which will stretch the

Sir Owen Green, chairman of BTE

the same financial basis as the will take responsibility for rest of the group—a change of another subsidiary's overdue practice which goes to the debts.

At first I thought this odd,"

debts.

"At first I thought this odd,"
says Mr Also Finden-Crofts,
who heads Dunlop Slazenger
International. "BTR was on my
territory. But then I warmed
to it. If my people even't delivering then it helps the business to have others come in.
People said it would lose us
customers, but it hasn't."

He like other managers from

He, libe other managers from the old Dunlop, says the BTR control system has helped im-prove performance. "It is sur-prising how much else appears to fall into place when return on sales is right," says Mr Roberts

But might not this highly centralised system of financial controls and developed manage-ment responsibility lead to clashes over capital expendi-ture? So far it does not appear to have done so, as is shown y two examples:

At Dunlop-Slazenger Inter-national, like all of the old Dunlop group, had for years before the takeover been desperately short of investment funds. In many areas, its tech-nology was excellent—for example, it developed a process for injection graphite fibres example, it developed a processor injecting graphite fibres into tennis rackets. But lack of marketing weakfunds and marketing weak-nesses meant it did not capitalise on this lead.

capitalise on this lead.

Under BTR, its factories have been updated and rationalised, involving substantial job losses. However, greater technological efficiency and UK labour rates, which now compare better internationally, mean that the company is starting to bring back to the UK some production which it had moved to the Far Rast.

Advertising and promotion is vital for the manufacturer of sporting goods and Dunlop had sporting goods and Dunlop had been concerned about the attitude to this of BTR, a relative newcomer to the consumer goods sector. But, says Mr Finden-Crofts, the 1987 spend will be up to 42 per cent on last year—a decision which did not have to be discussed with head office.

As for profits, these have risen from 19m in 1985 to 115m last year—and more than £22m projected for 1987. Dunloy Sizeoger has been gaining market share, and is opening offices in the Far East and an additional exception in the 115 where it operation in the US, where it wants to increase golf ball sales. It is also being encouraged by BTR to look for acquisitions of

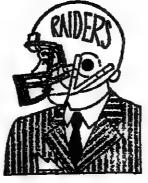
its own.

B: Dunlop Aviation is
Britain's own manufacturer of
whoels and braking systems for
aircraft, and also produces
other high technology aviation
components. It has a world lead
in carbon brake technology—it no carroin to take technology—it produced the first for service on Concorde. This is an operation which depends on long-term planning given the time it takes to get an aircraft off the draw-

to get an aircraft off the drawing board.

Mr Roberts acknowledges that BTR could have come in and quietly "harvested" the business for short-term gains. But this has not happened. A capital spending programme involving several million pounds for computer-aided design is going ahead, while the group is maintaining its 10 per cent ratio maintaining its 10 per cent ratio of R and D expenditure to sales.

As for profits, while the company will not give precise figures, it says these have doubled in real terms over the



40 per cent.

The target for 1987 is an 18 per cent growth in both profits and sales. "Far from there being a hiccup when BTR took over, the whole thing has accelerated," says Mr Roberts. "All the indications so far are that the longterm nature of the business is going to be supported. I have yet to put a major project before the board with negative cash-flow, but all the vibrations are supportive."

Not everyone is quite so

Not everyone is quite so enthusiastic about BTR's impact: Dunlop's labour force has been cut by about 10 per cent since the takeover and redundancy terms have been pared. BTR says that the job losses were long overtite — in many cases the old Dunlop simply did not have the cash to make people redundant—and that it leaves these decisions to local management.

management.

Nevertheless, its termination of a national agreement over redundancies has left trade unionists angry. Mr David Warburton, of the General Municipal and Boilermakers' Union (GMBATU), who for many years was the national officer covering both BTR and Dunlop, says: "Industrial relations-wise, BTR is still back in the dark ages."

ages."
From the viewpaint of both
BTR and Dunlop managements
the takeover has been a success. The former has gained a strong earnings stream in some excel earnings stream in some excel-lent niche businesses; the latter has been allowed to pursue the growth path which its existing managers saw was necessary, but which they lacked the finan-cial muscle to execute confi-dentity

dently.

Admittedly, it would have been remarkable if the takeover been remarkable if the takeover had not been successful —
Dunlop was set for a bounce back before BTR appeared on the scene. Yet the trend has been accelerated and the former Dunlop managers seem to have few complaints, apart from the odd grumble that BTR does not pay its senior staff enough, or about the intensity of the demands placed on them. "It's a pretty pressured life," says one. "There isn't much time to sit and stare."

This is the first of a series. The next

### Lombard

### Using consultants as managers

By Christopher Lorenz

MANAGEMENT solitant is never heard from as near permanent secondees.

again, except when (two days later) he tenders an astronomic bill for his services.

Staff" approach is beset with the services of the services of

while getting closer to their clients, most consultancies have taken care still to stay at arm's length. McKinsey and the Boston Consulting Group (BCG) may spend longer than they used to on each assignment, and carry out more repeat projects for each client, but they have avoided becoming permanent members of the corporate staff and (effectively) co-managers of their clients' businesses.

Nor would most clients wish them to get that close in any case, on the grounds that a consultant is still at his most effective as an external adviser,

effective as an external adviser, and that it is for the manager to do the actual managing.

That a few large companies see things differently is evident from the remarkable rise of Rain and Co, a Sostunbased consultancy which follows the single-minded strategy of turning its teams of bright young business-school grad-uates into long-term auxiliary corporate staffs for a handful

Founded in 1973 by Bill to argue that Bain's role is constant to argue that Bain's role according to argue that Bain's role is consultant to argue that Bain's role according to argue that Bain's role is consultant to argue that Bain's role according to a consultant to argue that Bain's role according to a consultant to argue that Bain's role according to a consultant to argue that Bain's role according to a consultant to argue that Bain's role according to a consultant to argue that Bain's role according to a consultant to argue that Bain's role according to a consultant to argue that Bain's role according to a consultant to argue that Bain's role according to a consultant to argue that Bain's role according to a consultant to argue that Bain's role according to a consultant to argue that Bain's role according to a consultant to argue that Bain's role according to a consultant to argue that Bain's role according to a consultant to argue that Bain's role according to a consultant to argue that Bain's role according to a consultant to argue that Bain's role according to a consultant to argue that Bain's role according to a consultant to argue that Bain's role acco

MANAGEMENT consultancy The questions provoked by has always been seen as a cut- Bain's deep involvement with and-run profession. A well-worn the management of Guinness and-rum profession. A well-worn the management of Guinness jibe tells of the consultant who rushes in to apply all his analytical witardry, hands over his recommendations, and then cial strategy and development. For Mr Roux who resigned yestruggling to turn theory into action — or as often as not, picking up the pieces. The consultants at work within Guinness as near permanent seconders.

From a purely managerial point of view, the whole 'rentastaff' approach is beset with problems. If a company is as short of key staff as Guinness evidently was when Mr Ernest Saunders was called in to revibill for his services.

Since the early 1980s, when dissatisfaction grew to a peak, consultancies have been trying en masse to change that image the sticking with the client long enough to help him carry out their recommendations. "Implementation" has become one of the profession's prime selling pitches — and a lucrative source of extra revenue.

While parting closer to their extra revenue. respects. It may narrow their perspective and lessen their objectivity, which were two of the main reasons for employing them in the first place. At the same time it may create resent-ment among the company's full-

> In legal terms, too, uncertain-ties abound. One of the long-term results of the Guinness affair may have to be moves to clarify where the secondee's responsibilities lie: to his consultancy, or to his long-term

client?
In support of the Bain approach, it could be argued that the partial externalisation of corporate staff work forms part of the inexorable disintegration of business structure, in which anything from product sub-assemblies to office cleaning, debt-collection to transport flocts, are sub-contracted to outfleets, are sub-contracted to outside experts.

But corporate staff work, especially in the very are; of strategy at which Bain excels, is so close to the heart of a company that it may be risky to slough it off for any great length of time. Nor is it enough it are the Bain's role is con-

drinks group whose lustre is effective strategist has one foot fading daily under the shadow in line management. But if the of one of the biggest share strategist is an outside consult-dealing controversies the City ant all sorts of conflicts can

#### BTR bid for Pilkington

: rom Mr A. Compbel

The Office of Fair rading (OFT) is considering bether to refer the BTR bid or Pilkington to the Monoin be made if the OFT think ie bid threatens the public iterest. We need therefore a earer definition of the public

The Pilkington defence docu-tivent defines the role of musiness as "the long term mention of wealth for our lareholders, our employees, in customers and the commuties in which we live." To is definition I would add appliers as one of the comany's stakeholders. But what bes wealth creation mean in ealth is created by good pro-acts; for shareholders, it is

reated by dividends and a sing share price; for mployees it is created by jobs; and for suppliers it is created purchases. So long as the pany trades fairly with each these stakeholders, wealth ill be created by business tivity that earns a profit. A mpany is acting in the public iterest so long as it makes lod products, creates wealth ir shareholders and trades irly with its stakeholders. The OFT's role, as its name uplies, is to ensure that comnies trade fairly. So long as ley do, the company interest id the public interest are igned. The market activities

the private sector can then allowed to operate freely in process that works to put sources in the hands of the ation's wealth creators. Since the OFT monitors fair ading continuously, its role in bid is to assess whether fair ading may be threatened. nder Norman Tebbit this seant that the OFT only ferred bids when competition as likely to be substantially educed, giving some monopoly ower to the combined com-

anies. Your correspondent Martin ickson suggests, in "Takeover olicy under the magnifying lass," (January 9) that in the ise of BTR's bid for Pilking-in, the OFT should consider ther issues. He lists research ad development expenditure. no government in priority regional reas and ambition for global adership as items the OFT could "weigh up." I strongly

sagree. Neither the OFT nor the onopolies Commission are capole of judging whether Sir wen Green's research policy global strategy are likely to makes a profit from exploiting better than those of Anthony his knowledge harms the lkington; and regional policy market. the remit of government, not

it believes the combined of the raising the risk, and the

### Letters to the Editor

companies will fail to trade fairly with their stakeholders. Andrew Campbell. Centre for Business Strategy.

useer Place, NWL

Private post

From Mr G. Spenght.
Sir,—Your Leader on possible privatisation of the post system (December 30) was curiously defeatist. There is no point in having a threat to introduce competition unless you really

mean it mean R.

There is absolutely no reason
why people should not be
allowed to pay for organisations
other than the Post Office to transmit their letters. More-over, there was a time when we could trust the liberal values of great organisations like public education, broadcasting, etc. But we have seen that one danger of monopoly organisations

is that of politicisation.
It is important that the state should not have a monopoly of delivery of mall — not just because of inefficiency but also because the sender and the receiver need the security of a system which is not necessarily ader state or trade union surveillance.

Guy Speaght. 1, Fitzroy Road, Tankerion, Kent.

Insider

dealing From the Head

University of Lancaster Sir, —Professor Myddelton (January 8) has drawn the

wrong message from modern financial theory in alleging that "honest investors" are un-harmed by insider dealing because of the distinction between "unique" and "syste-matic" risk.

Finance theory is primarily concerned with the use of publicly available information. The insider, by definition, takes advantage of unpublished information and trades upon his expectations of the market reaction when this information. becomes publicly available. Finance theory assumes this information will be made public virtually without cost. The extent to which the insider

As quite a distinct matter, it may be that making insider deal-The OFT should focus only ing a criminal offence (1980) the issues of fair trading. It companies Act) was a mistake, would only refer the BTR bid Plausibly it only has the effect

a long of the many real lates and the bound of the

returns, to the insider dealers Moreover, insider dealing has the effect of bringing informa-tion to the market, and the harm caused by insider dealers may perhaps still be outweighed by the benefits from a fuller infor-mation flow. This would only

tion for the benefit or all users. M. J. Mumford. **EEC** retaliation

against the US From Mr W. Jones

citizensi

Sir.-It would appear from in Brussels (January 9) that our lords and masters at Brussels are so keen to have a fight with the US that they do not mind in the least what damage is done to their own

be true, however, if companies

were themselves tardy in pub-lishing price-sensitive informa-

It appears that the EEC is examining imports from the United States with a view to selecting some of them for punitive treatment. This will undoubtedly create difficulties for some American farmers or for some American farmers or producers but is unlikely to do any damage to the career or bank balance of any American official or politician. Equally, many traders or end users in Europe will suffer loss and be caused hardship by a sudden flat deliberately intended to wreck the trade they have been doing. May God save the citizens of Europe from the bellizens of Europe from the belli-gerence and obstinacy of their

leaderal W. A. N. Jones. c/o W. H. Jones and Co, 17, Oakleigh Park North, N2O.

Congested

travel From Mr R. Bonnett

Str.—Mr B. Bound:

Str.—Mr Botwood's plea (January 6) for more runway space in the Greater London area may be overtaken during the next decade by the inauguration of high-speed rail services through the Channel tunnel. These could serve southern England, the Lowlands, France as far south as Lyon and Toulouse, and the Rhineland conurbations of Cologne and Düsseldorf. Extending the coverage to cities tending the coverage to cities within 41 hours' real travelling time from Lundon would include Hanover, Frankfurt and include Manover, Frankfur and Bordeaux, leaving only Mar-seilles, Hamburg, Scaudinavia and Munich to be surved exclu-sively by air. The ensuing transfer of high-density air to high speed rail services would considerably ease the growing

facilities near London and the flight density on the Continental routes served by them. Indeed, there appears no other way of saving millions of inhabitants of southern England from persistent aircraft noise.

Sponsors of the Channel tunnel should make intermodal

transfer of medium-distance passengers from air to rail possible by abandoning the more extravagant plans for very short-distance rail shuttle very short-distance fail annule services and transferring construction and operational funds thus saved to the provision of a high-speed link between the tunnel and central London.

Much of the long-distance freight services through the tunnel would consist of con-

tainer trains; the load could be easily transferred, both between road and rail and between the British and Continental loading gauges by the creation of ransfer stames.
Raish Bouwit,
Sorby, Kiln Lone, sfer station near Reigate.

Binfield Beath, Henley-on-Thames, Oxon

British Airways

From the Chairman, Wider Share Ownership Count Sir,-The policy adopted by the Government over this issue is perhaps receiving more praise

than it deserves.

The income and capital growth potential of British Airgrowth potential of British Airways shares may indeed be regarded as more volatile than that of British Telecom or British Gas. No responsible adviser would recommend them as the only (or even the first) equity holding for the smaller investor. It is therefore entirely with that the offer should not investor. It is therefore entirely right that the offer should not be the subject of a mass publicity campaign. That does not however justify the restriction of shares available to the British public of only a little over 20 per cent, with a "clawback" of 15 per cent in the event of considerable averaging.

widerable oversubscription.

Whatever may be the case for reserving a proportion of these issues for overseas investors any material reservation in fav-our of UK institutions is basic ally incompatible with a commitment to wider share owner

ship. Such a commitment requires that the institutions should act merely as under-writers (for which of course they get paid). Since British Telecom the authorities have been making welcome progress in that direction; with British Airways they are backsliding on the clawback. This council entirely agree

with the Minister of Transport about the desirability of deepen ing share ownership as well as broadening it, but among 8m people owning shares there must be now quite a number for whom British Airways could well be an element in the deep ening process. Edgar Palamountain.



# 1987good reasons to see Thailand this year.

Majestic temples and magnificent elephants, glittering roofs and garlands of orchids, enchanting people and exotic cuisine...one could write a long book about the land they call Thailand (and many seasoned travellers have). And never has there been a better year to see Thailand than 1987. For this is Visit Thailand Year in the Land of Smiles.

Among the kaleidoscope of festivities planned. for 1987 you should try to catch some of these.

Feb. 13-15. Chiang Mai Flower Festival. A million blooms, a thousand smiles. One of the unforgettable moments of your life.

April 13. Songkran Festival. A nationwide water festival celebrating the Thai Lunar New Year

May 9-10. Bun Bang Fai Festival. "Bang!" indeed. Held in northeast Thailand, a fireworks show like no other you've ever seen.

Oct. 16. Royal Barge Procession. An armada of brilliant colours, pageantry and rare splendour not to be missed.

Nov. 5. Loy Krathong. Celebrated nationwide this is Thailand's loveliest festival.

Nov. 14-15. The Elephant Round-Up. Ever seen 100 elephants enact a medieval War Parade? You will if you come to Surin in northeast Thailand for this extraordinary display.

Nov. 22. Bangkok Marathon. A major sporting event commemorating His Majesty the King's 60th Birthday Anniversary.

Dec. 15. Light and Sound Presentation. A glittering occasion to be held at the Royal Grand Palace and the Temple of the Emerald Buddha.

These are only a small selection of the truly stunning special events that mark 1987 as Visit Thailand

Year - a year full of festivities, flowers and fireworks. Make your holiday plans now. And make sure

you fly on Thailand's own airline, Thai International. Where the exotic sensations that are Thailand start from the moment you step



Construction-Refurbishing-Management

### **FINANCIAL TIMES**

Tuesday January 13 1987



SECOND EXECUTIVE LEAVES BRITISH DRINKS COMPANY

### Guinness finance director quits

MR OLIVIER ROUX yesterday resigned as finance director of Guin-ness, the British drinks company being investigated by the Depart-ment of Trade and Industry, five days after his fellow directors publicly implicated him in the possible misuse of company money.

Mr Roux's resignation was sub-

mitted on Sunday and accepted with regret by the board yesterday. It follows the enforced departure of Mr Ernest Saunders, the former chairman and chief executive, on Friday. The two were deeply in-volved in the Illicit use of Guinness money to boost and support the Guinness share price at an inflated level during the final stages of its takeover battle for Distillers last

Following revelations about the extent of the share support opera-tion, Mr Roux said yesterday that he wrote a letter to Kingsley Nap-ley, the firm of solicitors advising Guinness, which was received on Monday morning, January 5. Mr Roux has not been in the Guinness offices since before Christmas, He

MR NORMAN TEBBIT, the Conservative Party chairman, yesterday strongly counter-attacked against Labour's criticism of the Government's attitude to the City of Londou. Speaking at the Hanson Trust Achievement Award lunch, Mr Tebhit emphasised the Government's "determination that the City's financial markets shall be clean and honest places in which to do business. We need

no lessons from Labour politicians."

In an intervention underlining the Government's concern about City affairs becoming a major political issue, Mr Tebbit argued that insider trading was still entirely legal under the last Labour government, which had failed to act against that abuse.

said the letter was passed to the DTI inspectors who requested a meeting with him on January 6. letter to his fellow executive directors took place on Friday, January 9, he added.

But Mr Roux's fate was enectable by sealed at the board meeting of Guinness directors, at which he was cheerful mood yesterday evening, was appointed a consultant to Guinwas ap

continues to be, paid by Bain and Co, the US-based management con-sultancy, which seconded him to Meanwhile the focus of attention is shifting back to Morgan Grenfell, the merchant bank adviser to Grin-

ness during the takeover battle, some of whose directors were involved in the illicit share support operation. The bank is planning a major organisational restructuring to strengthen its central management and speculation has been growing about the position of its chief executive, Mr Christopher

about the Guinness share support operation, which breached several sections of the Companies Act.

ment saying that they had been hrising themselves on the affair through several meetings 'including meetings with Mr Olivier through several meetings 'including meetings with Mr Olivier term of three years and became discontinued to enjoy the confidence term of three years and became discontinued to enjoy the confidence term of three years and became discontinued to enjoy the confidence term of three years and became discontinued to enjoy the confidence term of three years and became discontinued to enjoy the confidence term of three years and became discontinued to enjoy the confidence term of three years and became discontinued to enjoy the confidence term of three years and became discontinued to enjoy the confidence term of three years and became discontinued to enjoy the confidence term of three years and became discontinued to enjoy the confidence term of three years and became discontinued to enjoy the confidence term of three years and became discontinued to enjoy the confidence term of three years and became discontinued to enjoy the confidence term of three years and became discontinued to enjoy the confidence term of three years and became discontinued to enjoy the confidence term of three years and became discontinued to enjoy the confidence term of three years and became discontinued to enjoy the confidence term of three years and became discontinued to enjoy the confidence term of three years and became discontinued to enjoy the confidence term of three years and became discontinued to enjoy the confidence term of three years and became discontinued to enjoy the confidence term of three years and became discontinued to enjoy the confidence term of three years and became discontinued to enjoy the confidence term of three years and became discontinued to enjoy the confidence term of three years and became discontinued to enjoy the confidence term of three years and became discontinued to enjoy the confidence term of three years and became discontinued to enjoy the confidence term of three years and velopment in 1985. His position is organisation.

### rulers crack down on academics

PROFESSOR Fang Lizhi, the controversial Chinese astrophysicist student demonstrations aimed at reater freedom and democracy, was dismissed yesterday from his post as vice chancellor of the university where the protests began.
Rumours of a major overhaul in
the ruling Communist Party gathered pace last night as the party

wake of the protests.

Senior party officials began a
purge of the University of Science
and Technology in Hefei, capital of
the central Chinese province of Anhui, sacking both Professor Fang
and Guan Weiyuan, the Anhui Uni-

question now, as academics and intellectuals go to ground and adopt a policy of silence, is how widespread this latest crackdown by anti-liberal conservatives will be and how long

The party leadership has clearly been in turmoil for weeks because of last month's demonstrations, and the strain of the struggle between reformist liberals and the conservatives is beginning to tell.
Party leader, Hu Yaobang is re-

since late last month, which coincided with the launch of the campaign sgainst "bourgeois liberal-ism," but most diplomats are convinced that the party leader, a sometime supporter and sometime critic of artistic freedom, is genuinely suffering from a physical, and some diplomats suggest that he has been forced to adopt a low profile because of party faction-righting in which he is losing.

Fang, who spoke freely with several foreign correspondents, be-fore his political demise, was favourably profiled in a govern ment-run magazine only a month ago. He said that he felt an obliga-tion to speak out on important issues but he certainly did not push a

on Sinday in an editorial in the in-fluential Guangming Daily. He had been cited by some protesting stu-dents as a source of inspiration, and a protest poster at Peking Universi-ty suggested that Fang could be chosen as the country's President if China held an election.

"He also sowed discord among

observatory.

A leading party theoretician, Su Shuangbi, who wrote Sunday's at-

# China's

By Robert Thomson in Peking

who supported the recent wave of took its most severe action in the wake of the protests.

ann coan weighan, the Annu University chancellor. Guan was accursed of neglecting his political duty, according to Xunhua, the official Chinese newsagency.

The sackings, with expectation of more to follow, are a serious blow to academic freedom in China, and the greation now as academics and in-

ported to be "fatigued" and unable to receive foreign visitors. News of his illness comes, at a time when Ji-ang Qing, Mao Zedong's widow, has been reported by the official gov-ernment Weekly Digest magazine to be close to death. She was portrayed as the main villain in the big power struggle a decade ago as leader of the Gang of Four and has been in prison since the gang's downfall in 1976.

Hu has not been seen in public

totally Westernisation theory, which is one of his alleged crimes.

The professor, who has apparently been mockingly called "China's Sakharow by senior officials, was attacked publicly for the first time on Sunday in an editorial in the in-

A Communist Party spokesman said yesterday that Fang "advocated bourgeois liberalisation, defamed the party's leadership and party officials, negated the achievements of the party spectations of the party specials. ments of the party over the past decades, and slandered the socialist system.

the party and the intellectuals, especially the young intellectuals. What Fang has done runs counter to the fundamental interests of the people and the party. It is intolerable," the spokesman said. Both Fang and Guan have been assigned

tack on Fang, said in an interview yesterday that propaganda officials are under fire

## Pentagon export curbs cost \$9bn

BY NANCY DUNNE IN WASHINGTON

PENTAGON controls over the export of strategically sensitive high technology products are costing the US \$9bn in lost revenues a year and 188,000 jobs, according to a study prepared by the prestigious National Academy of Sciences.

The long awaited report, pre-pared by an Academy panel, recom-mends that the Pentagon loses its "de facto veto" over sales of high technology exports, according to the Washington Post newspaper which obtained a copy of the still-

The report is likely to reinforce pressure for a relaxation in US export controls over high technology

Arctic weather

engulfs Europe

earnings. However, the cold weath-

er elsewhere in Europe will help strengthen the oil price giving a

hadly needed boost to Soviet for eign trade in 1987. Crude oil from Britain's North

the day without power cuts were

dashed yesterday as sub-zero tem-

peratures overloaded circuits and

damaged power stations, causing

severe cuts in Brittany and the Pa-

Temperatures reached a record -33° C at Mouthe, in the Doubs re-

gion near the Swiss border. Paris suffered its coldest night since 1895, with a temperature of -12° C,

In West Germany, a country well used to coping with snow, the key

conditions disrupted public trans-port. Hardest hit were Hamburg

and other northern regions where the weather caused traffic jams

ris region.

a barrel yesterday, up 50 cents. France's hopes of getting through

Continued from Page 1

ducts. It comes as American high technology manufacturers are preparing to mount an intense lob-bring campaign in Congress to ease export restrictions on the grounds that they are hurting US competi-

US manufacturers claim they are losing sales to European and Japa-nese competitors because the Pentagon imposes excessive restrictions on exports in an effort to ensure they do not reach the Eastern

The new study supports the business view, saying that controls have greater potential to damage ness view, saying that controls thonal Security Agency, was responsive greater potential to damage sible for the release of a Central Inthe US economy than . . . reduce extelligence Agency report in 1982

ports to the Eastern bloc." It says that controls should accord greater importance to maintaining "US hnical strength, economic vigour and Allied unity."

Once the substance of his evi-

Many other studies have reached similar conclusions. However, the latest one is expected to carry particular weight because the Academy committee includes former defence and intelligence offi-cials. It is headed by Mr Lew Allen Jr. former Air Force Chief of Staff. Another member, Mr Bobby Ray man, former director of the Na-

which raised the alarm about a "haemorrhage" of US technology to the Soviet Union. The report backs the industry

line in asserting that export con-trols have added to the US trade deficit. It found in Europe "a clear trend toward non-US sourcing" and found that in the view of Europeans

the US was not a credible supplier.

A recent study by the Pentagon estimated that the US had saved \$7.3bn to \$14.6bn because export controls had denied Moscow certain technologies. The Academy panel, however, said the Pentagen had refused to supply information back-

# EUROPEAN FREEZE-UP (All figures in Calaisis from knichtime reports)

### Oil prices rise on both sides of Atlantic

BY MAX WILKINSON, RESOURCES EDITOR, IN LONDON

THE bitterly cold weather throughout Western Europe, with the promise of a continued wintery spell, helped push up prices for crude oil and refined products on both sides of the Atlantic yesterday. The spot price of Brent grade for

February delivery rose 40 cents to \$18.78 per barrel, while in the US, the spot price of West Texas Inter-mediate blend reached \$19.20 in brisk trading for a time, before falling back to about to \$19 per barrel

by mid-morning.

Traders reported that buying demand from Western Europe had put pressure on supplies usually available to the US. Demand for petroleum products, particularly beating oil, was also strong, with prices

World Weather

ergy Department show that US domestic production of oil has fallen by 8.5 per cent, or an average of 800,000 barrels a day, since the oil price started to collapse a year ago. This is a larger fall than was generally estimated and is likely to help stabilise prices at around pres-

Demand for crude among European refiners has been strong, despite the existence of large stocks, partly because oil companies have been reluctant to enter into longer term fixed price contracts with Opec (Organisation of Petroleum

Exporting Countries) producers. Since the smaller independent petrol retailers buy in their supplies at close to the Rotterdam spot

Latest statistics from the US Enprices, the market pressure on the
pricing is replaced by a fixed price
production of oil has fallen cently eased considerably.

In the UK, the rise in crude oil major integrated companies has re-cently eased considerably.

Esso's decision to raise prices was considered premature by some in the oil industry, since a rise in crude prices takes about a month to flow through into the cost of prod-

However, Esso appears con-vinced that the Opec decision in December to cut output in 1987 would be effective in pushing prices back up to the organisation's target of around \$18 per barrel – for a while

Consequently they have been anxious to secure as much crude as possible on the spot market before the present system of "netback"

prices and the firmness of petrol prices on the Rotterdam spot mar-ket encouraged two big oil compa-nies to raise prices at the petrol

Esso led the way with the an-nouncement of a 6p (9 cents) per gallon increase in the price of four star petrol to around 175.5p from today. Mobil followed, and the other major petrol retailers are also ex-pected to raise prices soon. Some companies had been hop-

ing for a 10p per gallon rise to reflect the increase in crude prices from around \$15 per barrel last autumn to more than \$18 now.

Oil prices, Page 34

BY NAYMOND HUGHEN AND DAVID LASCELLEN IN LONDON



### Judge clears non-sterling capital

The approval to switch into dollars, granted by Mr Justice Vinelott to Merrill Lynch International Bank (MLIB) and five English subcurrency fluctuations in this way.

A BRITISH High Court indge yesterday finally removed doubts tal of \$45m, bringing it to about about the legality of UK-registered \$80m. Mr Michael Giles, managing companies changing from sterling director, said: "The change in the to non-sterling capital by granting capital base to US dollars will encapted to use the UK subsidiaries of two US institutions." proved an increase of MLIB's capi- could have a single foreign curren-The capital will be used to expand the bank's private banking and foreign exchange business, he said.

The judge endorsed a ruling midiaries of Manufacturers Hanover made last month by Mr Justice Corporation is expected to pave the Harman, who held that Scandinavway for requests by other banks ian Bank Group could have a multi-seeking to protect themselves from currency share capital.

That decision, Mr Justice Vinelott Merrill Lynch immediately an- said, plainly accorded with the law nounced last night that it had ap- and it must follow that a company

None of the difficulties with which Mr Justice Harman had had to grapple really applied to a single foreign currency case, provided the company concerned was not a public limited company, which had to have a £50,000 (\$73,500) authorised minimum capital in sterling, Mr Justice Vinelott said.

Bankers said last night that the combination of the Scandinavian Bank and yesterday's decision in-creased the likelihood that several banks would now switch their capital, particularly those owned by a small number of shareholders who would readily approve the change.

BELLEVIEW CONTROLLER SERVICE FOR FOR FOR THE FOR THE FOR A SERVICE FOR THE FOR

THE LEX COLUMN

### No venom in the Snake

Making money could not be simpler than in the foreign exchange market, it seems. Last week, sellers of the French franc and buyers of the D-Mark could not go wrong. After the weekend realignment of the EMS, that game could be profitably closed down, leaving dealers free to play the only other table in the casi-no - and sell the dollar.

It may be that the ease of making money elsewhere was the reason for such a modest EMS realignment working so well, at least on day one. The finance ministers' agreement was so clearly politically-motivated, and made so little attempt to ease the real strains in the EMS, that observers can confidently predict the need for another meeting by the

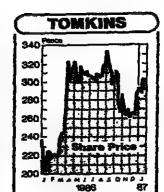
summer. Yesterday's renewed weakness in the dollar, which was after all the underlying reason for the EMS tension, is the main threat to future stability, although the intransigence of some EMS partners comes a close second. While the spotlight was swinging from the EMS to the dollar yester-

day, sterling was happy to stay in the shade. January is not January without a sterling crisis, and those suffering withdrawal symptoms will have noticed the implied 8.9 per cent devaluation of the pound against the Ecu since the previous realignment. No wonder Jaguar can sell so many cars in the US.

#### APV/Baker Perkins

Barring some last-minute tiff, a merger of APV and Baker Perkins looks certain. If it happens it will produce the sort of combination made, if not in heaven, at least by a computer dating agency. Industrial logic" has become almost as jarring a phrase as the pseudo-Greek ex-pression it seems to have replaced, but it will no doubt be claimed as the basis of the deal. It is a justification woolly enough to be used in fayour of all kinds of takeovers - such as Siebe's unsuccessful offer for APV last year. This time no one is likely to argue against and the beauty of logic is that it should not incur a Monopolies Commission

The simple split between APV supplying the liquid (milk and beer) end of the food industry and Baker Perkins the solid (bread and biscuits) side makes a merger look types of, if not the same, customers. There are some common to both, such as the electronic control and monitoring of processes, allowing are bound to be ups and downs - as rectors of Bryant.



(oops). Geographically the two groups strengths and weaknesses balance up as well. And there is always the being-part-of-a-largergroup advantage to be played as well. As the customers get larger, contracts get bigger in size and valne and the suppliers need more fi-nancial muscle to cope.

Since APV has the larger market capitalisation, the deal might best be structured as an APV hid for Baker Perkins. A price of 350p or so should secure agreement, suggesting terms of 3 APV (at 504p, up 4p)
for five Baker Perkins (up 13p to
336p yesterday, but well ahead of
last week's 235p). That would mean
some dilution for APV holders, but not for long.

#### Tomkins

An increase of 285 per cent in interim pre-tax profit - as F H Tomkins announced yesterday - is rather meaningless when you have just acquired a company (Pegler Hattersley) with nearly three times your own pre-tax profit figure. Indeed the figure may actually herents, trustees of the Bryant pen-disguise a decidedly dull period at mon hand. Previously blind to the Pegler, whose last interims pro-duced £3.5m pre-tax on turnover of tees have recently decided to invest £82.6m. After including four and a 10 per cent of the fund in Bryant half months from Pegier in these thanking figures, the totals have climbed rather gently to £9.26m re-

been badly exposed to the the oil cy can achieve anything but a per-market. However the company formance well below the average. neatly complementary. Both com-panies are working for the same if it provided more detail about dependence. It almost renders comwhere the profits are coming from. ment superfluous to say that the If you are running a chutch of busi- trustees of the Bryant fund ere betnesses in mature industries there ter-known in their capacity as di-

Tomkins admits. But if the overall balance (and earnings growth) looks as good as it does for Tomkins then merely releasing the old re-turn on capital figure will simply fuel latent anti-conglomerate suspi-cions. Nevertheless the evidence of cions. Nevertheless the avalence of just how much scope there is for Tomkins to tighten up the Pegler balance sheet was enough to whet the market's appetite yesterday, and the shares closed up lip at

#### Owens-Illinois

For a management to rebuff the

For a management to rebuil the alluring prospect of a leveraged buyout offer from Kohlberg, Kravis has taken some doing in the last couple of years. If the stock is far enough below book value to start with, shareholders appear to be offered a reusonable deal, while the managers and Kohlberg's investors stand to get rich. The stand taken by Cupper-Illimis deciding to be. by Owens-Illinois, deciding to buy in a third of its equity and sell of the forest products division to pay down the debt, may possibly mark the first stirrings of a sense that managers may owe their shareholders and employees a better deal than the buyout option seemed likely to achieve,

To a management with a compa my town on its conscience, and a deaire to undo the diversification into timberlands in any event, taking the company private and gearing it up may have seemed an unnecessarily unpopular detour. It was also not the only way of obtaining some actra souped-up options for the di-

#### Bryant trustees

The battered-looking principle that all is fair in love and takeovers seems to have won three new ad-Tomkins cannot be blamed for their holdings above the price set that especially as two significant Paglar businesses appear to have Clays. It is hard to see how this poli-

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lrust.		% increase since launch
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DECEMBER "Europe 86, from strength to strength"	47.1	88
JANUARY 1986 "The No. 1 Unit Trust"	52.7	111
"Europe, Co for the Encore"	62.8	151
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JUMN

### SECTION II - COMPANIES AND MARKETS

### FINANCIALTIMES

Tuesday January 13 1987



### Owens-Illinois rejects plan for \$3.3bn buyout

OWENS-ILLINOIS, the largest mended rejection. The board of Ownaker of glass containers in the us, which includes managers invitude, yesterday rejected a proposal from Kohlberg Kravis Roberts, the plan, said it believed that "greater wall Street investment firm, to take

Illinois – the packaging company based in Toledo, Ohio, which has expanded into health care and finaucial services, - surprised Wall Street, where Kohlberg's \$55 a share offer was assumed to be

fell \$4%, or almost 10 per cent, to \$50%. Owens said Kohlberg had agreed not to buy any of the group's securities until the end of 1969.

Owens, a constituent of the Dow significant for the recent spate of

long-term values can be achieved for stockholders' through the disposal of about fillion in assets. The The announcement from Owens repurchase of a third of the shares linois — the packaging company outstanding and new operational

> In a leveraged buy-out, a group of investors and management borrow heavily against the company's as-sets and cash-flow to buy sharehol-ders out. The debt is repaid through operational funds or the sale of as-

Jones industrial everage index, said corporate takeovers and buy-onts, that a committee of outside direc. "A major Dow stock is saying it can toos had unanimously recom- do everything a take-out specialist

Owens said that the asset dispo-sals would include its forest prod-nots business. Analysis believe that Owens' timberlands, mills and cor-rugated-box factories would raise about \$650m. However, Owens said that it remained committed to its fast-growing nursing-home bosi

The company also said that it would buy back 20m shares. Owens, which earned \$150m, or \$2.62 a there, on sales of \$3.67bp in 1985 said that it expected to earn \$1.90 to \$2.95 a share in 1986 and \$4 a share before extraordinary charges in 1987. Management is seeking to increase per share earnings by 12 per cent compound to 1991.

### Loral agrees to buy Goodyear Aerospace in \$640m cash deal

BY WILLIAM HALL OF NEW YORK

the acquisition is a major expansion for New York-based Local, which last year lost out to Lockheedl in a \$1.2bn takeover bid for Sanders BTV201 Insia Associates, a higger but less profit-

chief executive, described the acquisition as a significant step in the expansion of his group's presence in the defence electronics market.

tems, tactical weapon systems, moby \$7% to \$40% in early trading yealine a definitive agreement to buy Goodsystems as well as military stream
which it is competing is a
multibillion dollar transparame.

The accuricities for a finite systems are successful operations,
multibillion dollar transparame.

technical fit with Local and offers opportunities for synergies that should result from combining our

Goodyear Aerospace had 1966 revenues of 2005m, pre-tax earnings of \$55m and an order backlog of

Goodyear put its 75-year-old aero-space operations up for sale as part should result from combining our highly technical skills and programme bases," said Mr Schwarts. The acquisition will boost Loral's from Sir James Goldsmith, the Angrevenues to SLEhn — 90 per cent conscentrated in military electronics — and will result in a total order Goodyear agreed to buy back up to backlog of Sibn. Loral's shares rose 40m of its shares for Sibn.

#### **Pharmacia** raises \$33m for research

By Our Financial Staff

PHARMACIA, the Swedish pharmaceuticals and biotechnology group, has raised SKr 225m (\$33.5m) from Swedish companies to finance its research into biosensors.

Biosensors are used to detect and esure biochemical substances such as proteins in blood secum and other body fluids. They can detect substances which are present in very low concentrations almost instantaneously, and so are faster than the traditional methods of an-

Pharmacia has been working on biosensor research, its single largest project, for several years. However, while the group plans to spend about SKr 800m on various re-search projects in 1987, it needed additional outside financing for the isosensors project so that niosensors project so that research would not be delayed, giving an adge to competitives

edge to competitors.

The financing for Pharmacia Senior, a limited partnership company,
was raised through a private placenent with about 20 different insurince, investment, and industrial

ia Sensor hopes to market its first

### Teledyne earnings hit by lower asset sales

BY ANATOLE KALETSKY IN NEW YORK

TELEDYNE, the Los Angeles-based manufacturing and financial services conglomerate, reported net profits of \$47m in the last quarter of fourth quarter of 1985 to \$42.7m in 1986, against \$98.6m the year before. Full-year net profits were whole of 1985 were also affected by \$238.5m, or \$20.55 a share, against \$81.7m capital distribution from last year's \$546.6m, or \$46.66 a litton industries, in which Teleshare.

has been different rates of asset disposals in the two periods, with capital gains from the sale of in-vestments amounting to only \$4.2m westments amounting to only \$4.1m in the fourth quarter of 1966, against \$30.8m in 1965. The year-ago fourth-quarter figure also included income of \$22.4m from the Argonaut group of insurance companies, which Teledyne spun off to its shareholders lest September.

Taledyne's operations encompass high-tech industries such as concluded income of \$22.4m from the Argonaut group of insurance companies, which Teledyne spun off to its shareholders lest September.

Excluding all capital gains, Argo-naut earnings and the Litton dis-tribution, the 1988 net profit came to \$204.6m, or \$17.46 a share against \$225.8m, or \$19.36, in 1985.

dyne is a major shareholder.

### Apple expands range

### Aids drug move by US

group

formin drug company specialising in anti-viral resourch, said yesterday that it would file an application with the US Pood and Drug Administration (FDA) to result the use of its dark Piles. permit the me of its drug Rhe-virin for the treatment of an ex-ly form of infection by the Aids

wirm.

KN also defended its decision last Friday to release results of elimical trials, which the company said showed that Ribavicha, also known as Virazole, was effective in preventing the development of Aids in some patients suffering from LAS, an inflammation of the lymph nodes that has often progressed to the discoon, which is fatal.

Like the UK's Wellcome Foundation, whose Aids drug AZT goes before FIMA approval hearings on Friday, ICN's share price has waied widely according to market expectations of progress in the treatment of Aids. Having tisen just over \$3, or nearly 15 per cent, last Thursday, ICN's stock price fell \$4 to \$21.25 after a press conference on Friday, amid

considerable confusion about the value of the clinical tests. It mees \$2% in early trading yeaterlay, ICN said that during the tests 163 patients uniformly from LAS had received daily does of Ribavirin or a placebe over 26 weeks. Of 52 patients who received \$60mg deserved about the developed Aids. Six of 55 patients receiving \$60mg developed the disease \$60mg developed the disease \$60mg developed the disease \$60mg developed the disease \$60mg developed the sincebe unperiods.

oped the discuss and 10 of the 56 prescribed the pincobe progressed to Aids.

Analysis and decises compisited that the release of the findings was presenture and that they were continued by the sharp improvement in results achieved by a small difference of the Ribaviria dosage. KCN said yesterday that it was obliged to inform potents of the results and therefore had to publicies them to quali remeasure.

### Lower prices hit profits at Rand Mines

By Kenneth Meraton, Mining Editor

RAND MINES, the South A fri-can mining group, reports lower profits from its gold mines for the December quarter of last year. This reflects lower buildon prices received — compared with the record levels of the preceding urter - and a fail in gold out-

Harmony mine, producing gold and seasium, has maintained its ore output, but gold production has suffered from a fall in the ore grade. Uranium revenue is also down, but the fall to the maintained in the season of the same and the season of the same and the same an has been cushloned by a tax re-comment following a tax charge

in the previous quarter.

A fall in the termage milled at
Blyvoor has been reflected in a sharper-than-average rise in un-it costs. The gold price received, meanwhile, has fallen over the latest quarter to R29,503 (\$4,470, at commercial rand rates) per kilogramme from R30,552. The marginal Durban Deep mine reports a full in both pro-duction and gold prices received but sharply higher capital spend-

### David Owen examines the \$980m purchase of Hilton hotels **UAL** travels towards its target

mier international travel services company bears an uncanny re-semblance to the aims of another Chicago company. Bestrice's one-time goal was to emerge as the world's premier marketer of food

A much-humbled Bestrice is, of course, now harriedly restructuring after being taken private in last year's huge \$6.2hn leveraged buy-out by Kohlberg, Kravis Roberts. UAL, the holding company for Unit-ed Airlines, Hertz Rent-A-Car and Westin Hotels, by contrast, took another step towards fulfilling its ultimate ambition with the recent \$960m purchase of the Hilton International hotel chain from Transworld. The deal followed the withdrawel of a \$975m bid by KLM when the Dutch flag airline's super-visory board unexpectedly vetoed the proposed acquisition.

The move is indicative of the group's continued capacity to finance its ambitions, notwithstanding a sharp increase in overall in-debtedness during 1985. Long-term



ially contribute only about 7.5 per cent of corporate operating reve-nue, the move is significant both for further reducing the group's rel-iance on the turbulent antine sector and greatly expanding UAL's geog-rephical range in the luxury hotel, market.



debt rose 187 per cent from year-arier levels to \$2.65bm or 56.7 per cent of total capitalisation in 1985, a of the few locations where the two year in which UAL, which is chains compete, with Hilton Inter-chained by Mr Richard Ferris, national's prestigious Drake Hotel chains compete, with Hilton Inter-national's prestigious Drake Hotel situated within hailing distance of

> The Hilton chain's substantial Suropean and Asian interests are both particularly attractive to UAL, although for rather different rea-

The European facilities will help shore up what has (Heriz expected) up to now been something of a gap in its global coverage – a gap which the group is further endeavouring to rectify by, in the words of compa-ny spokesman, Mr Matt Gonring, "pushing Apollo" (UAL's computer reservation service). Domestically, close to a third of all travel agencie use Apollo for making airline, hotel and car rental bookings.



siderable presence in the fast-grow-ing Pacific region travel services market. This presence has already been beefed up substantially by the earlier Pan Am Pacific Division Even with Hilton included in the

UAL stable, United Airlines will still account for some 71 per cent of corporate operating revent pared with 17 per cent for Hertz and 12 per cent for the two hotel

The stabilising effect of the group's expanding clutch of non-ar-ine businesses on the corporate balance sheet should not be underestimated, however. While, as anacounter-cyclical in UAL's portfolio of bosinesses which are still exclusively travel-related, the hotel companies in particular have been rela-

ween \$52.2m and \$74.9m over the uch first nine-months 1985 operating earnings at Hilton Internalysts as disappointing at \$43m on revenues of \$548m UAL points out that the chain has been profitable on an operating basis each year since its foundation in 1949.

This is in stark contrast to the sit uation at United Airlines itself where operating earnings have swung erratically between a gain of \$564.1m in 1984 and a loss of \$242.7m in 1985, with obvious reper

cussions for the group's overall profitability.

UAL's Mr Gonring explains this discrepancy in what are, after all, directly-related businesses by pointing out that the airlines' pro have generally stemmed from heavy discounting in the wake of the industry's 1978 deregulation. levels of profitability for related services, such as hotels and hire cars, the fee structures of which Many analysts now believe, in the words of Shearson Lehman's Mr Robert Joedicke, that "airline



While UAL's 1986 net profits, run ning at a disappointing \$25.2m - 57 cents a share - in the first nine tively consistent earners in recent months, are unlikely to set pulses years – despite the sector's own racing many – including Mr Joeproblems of overcapacity and increasingly competitive discounting a different story in 1987. "I estimate that UAL will make \$5 per share



### LAWSON MARDON GROUP LIMITED LAWSON MARDON LIMITED

Can. \$75,000,000 Stg. £85,000,000

Revolving Term Credit Facilities and Tender Panel Arrangement

Arranged by The Bank of Nova Scotia

Can. \$75,000,000 Facility

The Bank of Nova Scotia

Credit Suisse Canada

Dresdner Bank Canada

Société Générale (Canada)

Royal Trust Corporation of Canada

National Westminster Bank of Canada

Swiss Bank Corporation (Canada) Canadian Imperial Bank of Commerce

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The Bank of Nova Scotia National Westminster Bank Group Canadian Imperial Bank of Commerce

Société Générale, London Branch

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Facility and Tender Panel Agent



December 1986

### Daishowa Paper to move into Canada

om Parsons and Whittemore of the continuing operation.

Be US for a sum reported to be the deal carries use of the Hudson's Bay name for five years.

mer of the St Anne mill, and few the state-owned corporation which Cort term.

istrial investment in Canada more tion can be completed by late Feb-

 $\{X_i,X_i\}$ 

m-sized pulp producer, near Frediction, New Brunswick in Canada, ciation will have equity interests in

Daishowa is already a major cus
Ridding for Telegiobe Canada. cations overseas, has closed, and The rise in the yen has made in the Government hopes privatisa-

tion can be compared by the Canadian Pacific, 1980 Oji Paper Company and 21housie, MB, newsprint mill of P, a subsidiary of Canadian Pacific and has since become a major stomer.

The Hudson's Bay Co, Canada's lest company, is getting out of the late on Friday.

The Government has disqualified

Management of Hudson's Bay Co The Government has disqualified

C\$100m over the book value.

trading hours and guarantees any nent base price of \$102 a tonne from order up to 190 troy ounces will be its British Columbia plant.

AISHOWA Paper Manufacturing.

The Sales Canada, the fur suction a bid by the telephone companies are subsidiary, plans to buy the companies through Telecom Canada for 40 per cert of the plant paper Company, a medical subsidiary plans to buy the companies through Telecom Canada for 40 per cent of Teleglobe, saying it did not up and Paper Company, a medical subsidiary plans to buy the telephone companies through Telecom Canada for 40 per cent of Teleglobe, saying it did not up and tracked in US dollars, and the minimum order is 10 per cent of Teleglobe, saying it did not up and the Canada Mink Breeders Association. The Government is seeking about ounces. Bid-ask spreads are \$3 with C\$500m (\$365m) for Telegiobe, normal price fluctuation being 10

> The Government says Telecom. The certificates can be bought Canada can bid in partnership with with 25 per cent down, like gold and other interests, but its total stake silver certificates now traded on the must not exceed 40 per cent. None
> ME. Registration is hardled elecof the bids submitted by Friday involved Telecom Canada.
>
> ME. Registration is hardled electronically through a book-based Canadian depository for securities. volved Telecom Canada.
>
> • The Montreel Exchange's (ME) Taking possession of an actual cernew platinum certificate will allow tificate incurs a service charge. investors to trade in the metal with- Transactions will be settled on the

> out having to take physical delivery, saving costs and delays associated with storage and verification.
>
> Traders can choose beyond buyer further price and volume concessing or selling physical commodity or trading platinum futures.
>
> Guardian Trust in Montreal is 15-year contract to deliver for heading posting of prices during toppes of metal appraish at a current. handling posting of prices during tonnes of metal annually at a cur-

to any terpologies of a graph action and actions and a financial formation of the first of the f

nent with about 20 different insurince, investment, and industrial
companies, which put up SKr 5m SKr 20m each.

This SKr 225m will go towards resarch and development. Fharmaia Sensor hopes to market its first
roduct by the early 1990s. The
roducts will be manufactured and
carketed by Pharmacia, which has
greed to pay royalities.

Pharmacia expects the biosenors to be used particularly for diagostics and biotechnology and says
ney could be used for quick anares in doctors' surgeries

APPLE COMPUTER, the California-based computer maker, has introduced an updated version of its
long-lived 11e Personal Computer.

Mr Delbert Yocam, executive vice
president and chief operating officer, said the launch of the latest
wersion completes a revitalisation
of the Apple 11 range which was begun in September last year with the
11gs, the addition of a memory expansion module for the 11e and
several new peripherals.

The suggested retail price for the
11e is \$829, the same as that for the
11e is \$829, the same as that for the
25pt and biotechnology and says
net and chief operating offimediately. The Apple 11gs upgrade
kit, which will be available this
month at \$499 plus installation
costs, gives the 11e the same compath the available that the same comp

APPLE COMPUTER, the Califor- sion has an expanded keyboard

ing.

East Rand Proprietary produc-tion is also down, and the result-ant not loss for the quarter is larger than the previous three mouths, when there was a tax re-mouths, when there was a tax re-

## Forretningsbanken A/S

U.S. \$30,000,000

Floating Rate Subordinated Notes due 1997. Holders of Floating Rate Subordinated Notes of the above issue are hereby notified that for the interest Period from 14th January, 1987 to 14th April, 1987 the following information is relevant:

 Applicable Interest later

64% per annum 2. Coupon Amount payable on Interest Payment Date: US \$156.25 per US \$10,000 Nominal

3. Interest Payment Date:

14th April, 1987

Bank of America International Limited



#### Republic of Iceland U.S. \$125.000.000 Floating Flates Notes due 2000

hereby notified that for the interest period from 14th January, 1987 to 14th July, 1987 the following intomation will apply:

Rate of Interest:

61/1% per annum

2. Interest Amount payable on Interest Payment Date:

Per US \$10,000 Nominal or Per US \$250,000 Nominal

3. Interest Payment

14th July, 1987

Bank of America International Limited

# Thai bank

told to write

country's central bank, yester-day ordered Stam City Bank, ranked ninth out of 16 Thai commercial banks, to reduce the value of its capital by 95 per cent and launched a rescue operation that should bring in new management.

The move comes several days later than expected as the troubled bank's shareholders, dominated by the Mahadumrongkul family, tried to negotiate further pystponements in the deadline to increase capital from 300m baht (\$30.66m) to 1.8bn baht. The original deadline was December 31, with another 500m baht required by the end of 1987. Existing capital will now only be worth 40m baht.

Precise details of the bank's Precise details of the bank's

The first phase of the rescue package involved issuing 1.5hn baht in new shares. Existing baht in new shares. Existing shareholders have two weeks in which to take up options, and then new shareholders will be sought. The central bank is prepared to use up to 500m baht of a special rescue fund to buy unsold shares and will appoint "co-ordinators and advisors."

### HWT bid delayed by legal action

and Weekly Times (HWT)
media group.

Mr Holmes & Court, whose
competing offer for HWT was
superseded by Mr Mordoch's
improved bid last Friday, worth
some A1250m (US\$1.5bm),
sought a permanent injunction
to prevent Mr Murdoch as a US
citizen, acquiring more than 15
par cent of the group. He has
won a temporary injunction.
Existing rules limit foreign
ownership of broadcasting com-

COURTS IN Melbourne and Brisbane yesterday adjourned Murdoch is Anstrallan-born, but took out US citizenship when he dearings initiated by Mr Robert Holmes à Court as part of a legal efford to stop Mr Rupert Unsphaleurn in Banglesk Murdoch taking over the Herald and Weekly Times (HWT) media group.

By Peter Unsphaleurn in Banglesk Mr Holmes à Court, whose Mr Hurdoch's New Corporation in the Molbourne court by Mr Holmes à Court, whose the Mart Mr Murdoch's New Corporation in the Molbourne court by Mr Holmes à Court. The Murdoch's New Corporation in the Molbourne court by Mr Holmes à Court. The Murdoch's New Corporation in the Molbourne court by Mr Holmes à Court. The Murdoch's New Corporation in the Molbourne court by Mr Holmes and Murdoch's latest offer for HWT and was subject to a 5 pm dead-than a Murdoch's latest offer for HWT and was subject to a 5 pm dead-than a Murdoch's latest offer for HWT decided it was inappropriate to shareholder in the Molbourne court by Mr Holmes a Court. The Murdoch's latest offer for HWT decided it was inappropriate to shareholder in the Molbourne court by Mr Holmes a Court. The Murdoch's latest offer for HWT decided it was inappropriate to shareholder in the Molbourne court by Mr Holmes a Court. The Murdoch's latest offer for HWT decided it was inappropriate to shareholder in the Molbourne court by Mr Holmes a Court. The Murdoch's have lapsed.

The Courts IN Melbourne and Murdoch's latest offer for HWT decided it was inappropriate to shareholder in the Molbourne court by Mr Holmes a Court. The Murdoch's latest offer for HWT decided it was inappropriate to shareholder in the Molbourne court by Mr Holmes a Court. The Murdoch's latest offer for HWT decided it was inappropriate to make the Murdoch's shareholder in the Murdoch's latest offer for HWT decided it was inappropriate to make the Murdoch's latest offer for HWT decided it was inappropriate to make the Murdoch's shareholder in the Murdoch's latest offer for HWT decided it was inappropriate to make the Murdoch's latest offer fo

They said shareholders should decide at a meeting whether to accept Mr Murdoch's bid or an decide at a meeting whether to accept Mr Murdoch's bid or an earlier one from the Sydney-based affirfax Group.

Mr Murdoch's offer of A\$23 a share eclipsed one from Fairfax 13.4 points to 1,549.6, Queenslaid Press accepting Mr A\$22.

**Deak International buys** 

Hong Kong financial group

DEAK INTERNATIONAL, the have yet to receive a sattlement US-based precious metals and but Mr Arkadi Kuhlmann, Deak

The Queensland Press board decided it was inappropriate to respond, citing the legal move in the Molbourne court by Mr Holmes à Court. The Murdoch bid int now said to have lapsed.

Queensland Press owns 24 per cent of HWT. Mr Murdoch's offer valued the Brisbane company at \$1.05hn.

International chairman and chief executive, yesterday said they should receive 70 cents for every dollar in an agreement

that should be concluded in two

International had no legal obligation to DPFE or other

Deak companies in Hong Kong and Macao, but had offered their creditor committees US\$1.5m in an effort to "win the market

Mr Kuhlmann said Deak

to three months,

of vessels.
Nippon Yuson Knisha
(NYK) and Mitsul OSK Lines (MOL) announced cuts in their onboard personnel of 60 per cent and 50 per cent respectively, to be implemented over the next four years. This is in compliance years. This is in competence with a programme set in place last summer by the Shipowaers' Association of Japan, which envisages 10,000 job reductions from the industry's existing 22,000 workforce by the end of the

Japanese

lines plan

in ship jobs

TWO OF Japan's leading shipping lines yesterday upwelled plans to shed nearly half their scagoing workforce, as part of a rationalisation programme which is also due to bring layout let the programme which is also due

bring large-scale dispession

big cuts

The association has also said that as many as 430 deep-son vessels out of a total of around 600 may be uneco-nomic, and NYK yesterday disclosed around the in the

ewn feet.

NYE plans to reduce the number of ships it ewns out. right or jointly with shillsted shipping companies from a current 100 vensels to between 50 and 79 ships over the next four years. It is to shed 12 uneconomical vessels shed 13 uneconomical vessels cach year, and newbuilding will be confined to five ships a year. The modernized fleet will be crewed by 1,480, making 1,000 workers redundant accounting for 45 per cent of the current workforce. NYK will make up for the cut in number of ships and crew-men by using more chartered vessels and seamen of foreign

nationality.

Japanese crews are among the most expensive in the world, three to five times as costly as South East Asian crews. Shipowners have recently accelerated the trend to fing out to registers of other nationalities and to employ scafarers from other Asian countries. However, the larger shipping everywhere have been hampered by Japan's employment system.

Mr Kilchire Albara, president of MOL, said yesterday that his company plans to haive fix employment of seamen to 1,000 in the next four

### **HK** court gives breathing space to Khoo companies

BY KEVIN HAMLIN IN HONG KONG

by Tan Sri Khoo Teck Puzi, the beseiged Malaysian-born businessman, were yesterday granted a four-week adjourn-Precise details of the bank's difficulties are still hard to obtain, although bad and doubtful debts are estimated at about 3bn baht. Mr Kamchorn Suthirakul, the central bank governor, said Slam City's nominal 800m baht capital did not cover accumulated losses.

The Mart where of the bank's by Tan Sri Khoo Teck Puzt, the beseiged Malaysian-born ment by Hong Kong's High Court in a case brought by the Brunei Government to recover National Bank of Brunei losses. affectedly totalling more than B\$118m (US\$54.4m).

The adjournment provides
Tan Sri Khoo with muchneeded breathing space to
work out a financial settlement
with the Brunel Government.

The Brunel Government took control of NBB, in which Tan Sri Khoo and family hold a 70 per cent controlling interest in

November and effectively closed it down, alleging that Mr Khoo Ban Hock, Tan Sri Khoo's eldest son and NEB foreign exchange company which rose from the ashes of the now-defunct Deak and Co, has acquired Lark International chairman, had conspired with three others to defraud the

The Brunel Government ha

Finance (Liff), a Hong Kong-based financial services com-pany, for HK\$ 21m (US\$2.7m), The Hong Kong-based Deaksought a summary judgment against the three Hong Kongregistered Rhoo companies —
Luxor Hotel, Whitehot Enterprises and National Holdings — Perera Far East (DPFE) as well as Deak companies in Hong Kong and Macao, which had liaon the basis that there were no viable grounds for a defence. Writs served on the three were closed in December 1984. companies in early December stated that Luxor owed NBB B\$21.12m, national holdings B\$60.13m and Whitehot Enter-

at the same time as Deak and Co filed for protection under the US Chapter 11 bankruptcy Hong Kong and Macao credi-tors of the Deak companies

Martin Properties, now Deak-Morgan, purchased a 75 per cent interest in Deak and Co for more than \$10m last May. **Bond clarifies** 

### asset position

BOND CORPORATION International (BCI), the Hong Kong unit of Australia's Bond Cor-poration Holdings, yesterday disclaimed a statement reportedly made last week by Mr Alan Bond, its chairmail.

Mr Alan Bond, its chairman, Agencies report.
After BCT's flotation last week, Mr Bond was quoted in Hong Kong as saying that the net asset value of properties owned by the Hong Kong company was HR\$2.60 a share. This conficited with the prospectus, which said the net asset value of the company's properties was HR\$1.10 as of November \$0.

The Securities Commission said the matter was under resaid the matter was under re-

# The Sumitomo Bank, Limited

has become a

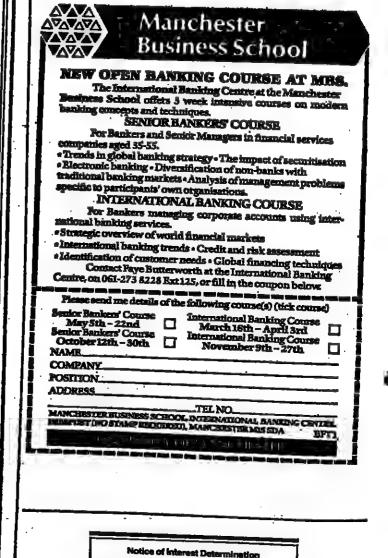
Special Limited Partner

Goldman, Sachs & Co.

The undersigned acted as financial advisor to The Sumitomo Bank, Limited.

LAZARD FRÈRES & Co.

December 18, 1986



January 13, 1987

Morgan Stanley Group Inc. **Floating Rate Notes** Due 1993

Interest on the above securities for the Interest Period of January 12, 1987 through July 12, 1987 is scheduled to be paid on July 13, 1987 at the Interest Rate of 6,25% per annum. The Interest Amount will be \$315.97 per \$10,000 of principal.

The First National Bank of Chicago

CORRECTION OF REDEMPTION NOTICE **European Atomic Energy Community** (EURATOM)

12%% Bonds due February 1990 Reference is made to the Redemption Notice dated 12 January, 1987 and the numbers listed in paregraph 2. The series listed as 2962/86 should be 2962/66.

All other details are as previously published.

January 13, 1987
By Citicorp Investment Bank
(Luxembourg) S.A. rincipal Paying Agent

CITIBANCE

L'ORÉAL

242,788 Cartificate

L'Oréal S.A.

5,900,000 Shares

**Dominion Securities Limited** 

5,900,000 Shares

UAL, Inc.

1,000,000 Shares are being of)

Falcons Pass-Through

Securities Limited

5,900,000 PALCONS to Parchase

2,500,000 Ordinary Shares of D&10 cock

in Royal Dutch Petroleum Company

THE U.S. \$300,000,000

International Business Machines

Corporation

#%% Exchangeable
Sabordinated Debentures Due 1966
Exchangeable into Common Stock of

Intel Corporation

Of the 5,000,000 Shares, 1,000,000 ha

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> N K plans to da a accounting b Japanese cress

RODAN BURNEL DE RSE

12-14-5 No. of the State of S BOTH BANK NOOTER

ender January 13 kg

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AEGON N.V.

BANCO CENTRAL

BASE CORPORATION

BERGEN BANK AS

ASPRO NICHOLAS HOLDINGS, INC.

BANCA COMMERCIALE ITALIANA

(Surrenteed by Sura Law Corporation)
ASSOCIATES CORPORATION OF NORTH AMERICA.

AUSTRALIAN GUARANTEE CORPORATION
AVON CAPITAL CORPORATION

CANADIAN IMPERIAL BANK OF COMMERCE

CHRISTIANIA BANK OG EREDITKASSE .

CREDIT D'EQUIPEMENT DES P.M.S.

¥ 10,000,000,000 Kingdom of Denmark Yield Curve Notes

Trenwick Group Inc.

Benetton Group S.p.A.

3,300,000 Shares

5,175,000 Shares Morgan Stanley Group Inc. Common Stock

ConAgra, Inc. 1,000,000 Shares are being offered outside of the United States and Canada

5,100,500 Shares

April, 2006 5,500,000 Shares The Travelers Corporation

Common Capital Stock

**Morgan** U.S. \$20,000,000 The Morgan Crucible Company plc

ery Werrents to subscribe for Ordinary Shares of 25p each

ECU 20,000,000 Euromobiliare International (Cayman) Limited 4% Convertible Notes Due 1983 By guaranteed by and convertible into eacing chares of Euromobiliare S.p.A.

U.S. \$75,000,000 International Pirelli N.V.

3%% Guaranteed Notes Due 1993 300,000 Werrants buto Bearer Participation Ceri Société Internationale Pirelli S.A.

FISONS

U.S. \$50,000,000 Fisons Finance Netherlands B.V. 53/% Guarantus Convertible Bunds Due 2001 Guaranteed by and convertible into ordinary shares of

Fisons plc

MITSUI TRUST & BANKING CO. LTD. AS RESPOSITIONANT MODGAN STANLEY GROUP INC. EXPORT DEVELOPMENT CORPORATION ENERAL BLECTRIC COMPANY BNEEAL MOTORS ACCEPTANCE CORPORATIO HORBIC INVESTMENT BANK (ESMOSIBHISCHAFTLICHE HENTRALILUM AS) NYNEX CORPORATION ISTITUTO BANCARIO SAN PAOLO DI TORINO EINGDOM OF DENHARK PACCAR FENANCIAL CORP. JWT GROUP, INC. PROVINCE CONCRETE MARUBERT INTERNATIONAL
(Secretical by Pol. But., Lindad)
THE MITSUBISM TRUST AND BANKING CORPORATION
(Control Branch)

THE HIPPON CREDIT BANK, LTD. (LONDON) QANTAS ALREAYS LIMITED. RTE PHANCE OVERSEAS LIMITED

MITSULA CO. (U.S.A.) INC.

BEANDIA INTERNATIONAL CAPITAL CORPORATION SKÁNSKA BANKEN SGA BOCIETE GENERALE ACCEPTANCE NV SOCIETE NATIONALE DES CREMINS DE PER FRANCAIS STATE BANK OF NEW SOUTH WALLS THE SUMITOMO TRUST & BANKING CO., LTD. TENNECO INC. TOTAL BUNK LIMITED TOTO TRUST & BANKING COMPANY, LIMITED THE MAIN COMPANY WESTPAC BANKING CORPORATION

**NAAMLOZE VENNOOTSCHAP DSM** 

MITSUI & CO. INTERNATIONAL (EUBOPE) B.V.

A curparation wholly-samed by the State of The Netherlands 150,000 Warrants to Subscribe for U.S. \$150,000,000 10%% Notes Due 1991

liable Floating Rate Certificates of Depos Due 1991

NLV. NEDERLANDSE GASUME

U.S. \$50,000,000

The Sumitomo Trust &

Banking Co., Ltd.

St,000 ECU Warrents to Subscribe for ECU 50,000,000 74% Bonds Due 1903 and 125,000 DFLS Warrents to Subscribe for DFLS 125,000,000 6% Bonds Due 1903

DnC U.S. \$300,000,000

Den Norske Creditbank Floating Rate Notes Due 1996 Convertible at the option of Den Norske Creditbank into Primary Capital Perpetual Floating Rate Notes

THOMSON
Thomson-Brandt International B.V. U.S. \$200,000,000 7%% Convertible Notes Due 1991 Convertible into
U.S. \$200,000,000
Floating Rate Notes Due 1991
All unconditionally guaranteed by

Thomson S.A.

### USM

The Financial Times is proposing to publish a survey on the

**Unlisted Securities Market** on Tuesday

20 January 1987

For further information, please contact:

Colin Tennant

Financial Times Bracken House 10 Cannon Street London EC4P 4BY

Tel: 01-248 8000 ext 3300 Telex: 885033

The content, size and publication dates of surveys in the Financial Times are subject to change at the discretion of

### **GROWING OLD**





Final demands...lonely days and fearful nights ... friends out of touch. What should have been a comfortable pension is no longer sufficient 🖁 her life she gave to help others. Yet now, through no



THE DGAA WAY

Despite her many problems, she stays in the home she's known and loved for years... in rooms filled with familiar things and happy memories. for single living. All through . Freed of financial worry and assured of help and guidance when needed (and residential fault of her own she is worried care should her health seriously sick ... and badly in need of deteriorate), she can grow old help herself. with dignity and in comfort.

The difference the DGAA makes to the quality of hundreds of unlucky lives is worth so much more than it costs. Please help to maintain the service we provide (without direct State aid) in our 13 residential and nursing homes and in private dwellings throughout the land.

THE DISTRESSED GENTLEFOLK'S AID ASSOCIATION

Founded 1897. Petron H.M. Queen Elizabeth, the Queen Mother Dept 7, Vicarage Gate House, Vicarage Gate, London W8 4AQ, Tel: 01-229 9341 "HELP THEM GROW OLD WITH DIGNITY"

### INTERNATIONAL CAPITAL MARKETS and COMPANIES

David Owen on the latest vehicle to be adopted by America's futures capital

### Chicago gambles on the Australian dollar

Australian \$

THERE IS a touch of dejs ou about the headlong rush into Australian dollar trading by three US futures and options exchanges which begins today

In both cases, the contract size will be A\$50,000—half that of the CME's A\$100,000 trading unit, Indeed, the contracts to be offered by the PHLX and the with the launch of Australian dollar futures on the Chicago Mercantile Exchange (CME).

This time last year there was can size opcount, the buyer of a similar stampede to start an American size option has trading in the then flavour of that right on the expiry date the month—the Ecu—a stampede which has thus far brought exceedingly meagre that right on the expiry date returns for all concerned.

The CME start-up will be followed on January 19 by the launch of Australian dollar options on both the Philadelphia Stock Exchange (PHLX) and the Chicago Board Options Exchange (CBOE).

This will open up a seventh front in the two exchanges increasingly bitter rivalry in the field of foreign exchange options. This began with the CBOE's launch of six contracts that the contracts per day to compete with the PHLX's established quiver in September

1985. It is a battle in which, until now the Philadelphia Exchange has enjoyed very much the upper hand. The added spice of the dual Australian dollar launch stems from the fact that, for the first time, the competing contracts will have been contracts will have launched simultaneously.

with the launch of Australian color with the launch of Australian color futures on the Chicago cal, except that the CBOE trades called the called trades called the called trades called that the called trades called the called trade

Exchange officials are demon-trating uncharacteristic temperance in comments regarding the volume levels which the new contracts might ultimately hope to achieve. "The fact that three con-

Statoff. "If doesn't have to trade 5,000 contracts per day to be successful," be adds. "I don't expect it to be anywhere near the yen or the Swiss franc," predicts Mr David Johnson, manager of Currency Products at the CMEE. "I would be to the contract of hope it would draw enough den interest to surpass the Canadian dollar in the first month or two," he adds.

Nonetheless, a level of inter-

against the

per cent share of the US cash interbank market has develinterbank market has developed in recent months, trig-gered both by its volatility and the sharp increase in the levels of corporate Euro-diagneing denominated in the currency. Clearly, this may stand the exchanges in good stead as they attempt to build hedging business in the new contracts. However, much will depend on Nonetheless, a level of inter-est disproportionate to the However, much will depend on

Australian dollar's less than 1

the rivalry between the two options contracts are the looplications which the futures con-tract launch may have for the CME's Pacific Rim strategy. Four futures trading centres are currently vying for domin-ance in this increasingly important region. There is as yet scant indication of which

yet scant indication of which will ultimately prevail.

The CME has hitherto plighted its troth exclusively to the Singapore International Monetary Exchange (Simex) via a sink established in 1984. Until the fledgling Singapore institution launched a US T-bond futures contract similar to that traded on the Chicago Board of Trade last October almost all its contracts were fungible with identical contracts traded in the CME. This means traded in the CME. This means

for New Zealand, its first public issue in Switzerland

since 1984. The issue has an

indicated coupon of 41 per cent. There is a sinking fund from 1992 to 1997 at SFr 5m per year, callable in 1993 at 1011, and then at declining premium.

Meanwhile, Austria issued a SFr 200m note issue led by Union Bank of Switzerland, The

the durability of this interest should levels of volatility or Australian decline. The degree to which the antipodean currency's volatility will benefit the American exchanges is, in any case, debatable since much of the movement inevitably takes place outside their trading hours.

Of at least equal interest to the eventual volume levels achieved and the outcome of London has got off to a slow the rivalry between the two start

> the CME is getting ready to sever the link with its Asiatic progeny—although Simex does face a stiff daily volume target of 20,000 contracts by September 1989 (the July 1986 daily ber 1989 (the July 1986 daily average was 3,184) if it is not to face possible changes
> But the listing of Australian dollar futures may signal that the giant Chicago exchange is looking to hedge its bets somewhat ahead of any impending bloodletting in the Pacific zone—a view which the SFE's expressed intent to modify its own simmbering US dollar futures contract in line with the CME specification would appear to endorse.

There is no suggestion that

There is as yet no indication that a link on Australian dollar

announced a SFr 100m seven-

year 41 per cent note issue for Kreditanstalt fuer Wieder-

launched its first dollar issue last week. The deal is priced at 101. It was quoted at 901 bid in the grey market.

### **EDS** strengthens European presence

By Terry Dodeworth, Indianal

ELECTRONIC Bata Systems ELECTRONIC Data Rystems (EDS), the temperature errices company owned by General Motors, is expanding its European presents with the acquisition of Society pour l'informatique (SPI), a subsidiary of Postings, the mationalised French the nationalised Franchised Franchises area

The dest will give EDS its first substantial presence in France, where the compe France, where the computer software market is generally regarded as the most supinitationed in Europe. SFL which generates 30 per cent of its business outside Fechiney, has salet of around \$500 a year, which will bring EDS's total turnerer in Europe to around \$250m, of which \$100m is in the UK.

EDS refused yeats day to may how much it was mend.

\$100m m in the Un.
EDS refused yesterday to
any how much it was spending on the purchase of the
French computer services
company, but it said that it company, but it said that it pas part of a strategy is make the group loss dependent on General Motors for its revenues in the region. Including husiness generated by the US-based car gram, EDS claims to be one of the largest. European companies in its field, which includes computancy, training support, and the development of software neckates.

ware peckages.

With the inclusion of the 600 people employed by SPI, the European payrell of EDS will increase to 3,000

Bosch to expand

Rebort Bosch plans to invest about DM 220m (\$115m) from 1987 to 1989 on a new assembly plant for making brake anti-blocking systems, Reuter reports from Anabach.

### \$150m Japanese issue meets enthusiastic reception

NIPPON TELEGRAPH and Telephone (NTT) Isunched a \$150m seven-year Eurobond yesterday to an enthusiastic Telephone (NTT) Isunched a dollar.

\$150m seven-year Eurobond yesterday to an enthusiastic reception from investors, even though buying interest in the fixed cate dollar sector was generally low as the dollar liper cent commissions,

In other currencies, the weekend realignment in the European Monetary System (EMS) boosted French franc and Ecu bonds. But it failed to impress the D-Mark market amid expectations that the D-Mark's 3 per cent upward revaluation would prove insufficient to stem the tensions within the EMS.

NTT's 7½ per cent issue was priced generously with the aim. In other currencles,

NTT's 71 per cent issue was priced generously with the aim that it should become a new benchmark for fixed rate dollar issues by Japanese corporates, lead-manager, Banque Paribes Capital Markets, said. NTT has stready established an investor-following in Europe last year by successful deals in other

ped into yen,

The proceeds are being swap-

It pays interest at three-month London interbank offered rate plus i per cent, but there is
a 12 per cent interest rate cap.
It was quoted at about 89.77,
against total fees of 40 basis
points, and a par issue price.
Two Canadian dollar issues

currencies such as the Canadian emerged. The first, a three-year issued a SFr 200m 12-year bond 10-year 45 per cent bond is dollar. deal for Province of Sankatche- for New Realand, its first priced at 995. wan, was priced with an 8} per cent coupon. This is the lowest level on a Canadian dollar deal for some time, and it reflects the recent strength of the Canadian domestic bond market, although this low level could look unaattractive to European retail investors. The C\$150m deal, priced at 100f was led by Wood

Later, Goldman Sachs an-nounced a C\$75m five-year bond for Ford Credit Canada. The 9 per cent issue has a 1014 issue price.

Toshiba Engineering and Con-struction and Kurita Water, which makes equipment for water treatment, tapped the equity warrants market with equity warrains market with
five-year deals. Both issues had
indicated 3½ per cent coupons
and were quoted around their
par issue prices. Toshiba's deal,
led by Daiwa Europe, was for
450m. Rurits Water's \$30m bond
was led by Nikko Securities.
In the floating rate note market, perpetual issues traded
thinly after sharp price falls

thinly after sharp price falls last week, although some short-covering emerged on hopes that a way would be found to re-

#### INTERNATIONAL BONDS

ckage the bonds as fixed rate instruments. Such a measure would establish a price floor for

Issuing houses are believed to be working on various ideas although the most commonly mentioned involves an issue of long-dated zero coupon bonds issued pro rata with investor's perpetual holdings. French franc Eurobon

which have been trading poorly lately as the franc has come under pressure, were marked higher by up to one point during the morning in reaction to the EMS agreement.

In the D-Mark market, the expected profit-taking following the weekend EMS agreement did not materialise. Prices were basically unchanged on the day in low volume. Commerzbank launched DM 400m five - year

Finance. The 5‡ per cent bond was priced at per. There is no selling group for the deal. In Switzerland, prices were

en switterland, prices were generally unchanged in continuing high volume. Oesterreichische Kontrollbesk's SFr 200m 4½ per cent issue was quoted at a discount of 1½ per cent on the bid side.

Union Bayk of Switzerland

#### Redec debt rescheduling wins support

A GROUP of 40 international banks has voiced support for steering committee recommendations on new terms for a rescheduling of debt owed by Saudi Arabian Reuter reports om Bahrain The banks met to consider

proposals on Redec, which had direct bank debts of 968.8m Saudi riyals (\$258.8m) at March 31 1986, and 285.5m Saudi riyals in debts via subsidiaries, Redec is majority owned by Mr Ghaith Pharaon the Saudi financier.

seven-bank committee is said to have proposed repayments over 10 years with interest of 1 point over Bahrain interbank offered rate for riyals. No grace period

#### FT INTERNATIONAL BOND SERVICE

Swiss Bank

Listed are the latest international bonds for which there is an

All of these securities having been sold, this announcement appears as a matter of record only.

New Issue / December, 1986



600,000 Shares

**Bank of Boston Corporation** 

Common Stock (\$2.25 par value)

Price U.S. \$42,125 Per Share

These securities are part of a concurrent worldwide offering of 2,600,000 Shares, including 2.000.000 Shares that were sold in the United States through a syndicate managed by Salomon Brothers inc and PaineWebber Incorporated.

Salomon Brothers International Limited

**Credit Suisse First Boston Limited** 

PaineWebber International

Algemene Bank Nederland N.V.

Nomura International Limited

Bank Brussel Lambert N.V.

**Banque Paribas Capital Markets Limited** 

**Daiwa Europe Limited** 

Fox-Pitt, Kelton N.V. Keefe Bruyette International, Ltd. Kleinwort Benson Limited

J. Henry Schroder Wagg & Co. Limited

Swiss Bank Corporation International Limited

S. G. Warburg Securities

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EDS

strengther European

French aircraft group confident

AEROSPATIALE, the French air craft producer, suffered an 18 per cent fall in orders in 1986 but ex-pects an "honourable performance" this year.

Mr Henri Martre, Aérospatiale's chairman and chief executive, said new orders had amounted to FFr 28.6bm (\$45bn) last year, after the exceptional total of FFr 34.8bm in 1985.

The group's aircraft division was the worst hit with orders falling from FFr 17.9bn in 1985 to FFr 10bn last year. Mr Martre said it was ex-pected that orders would fall from the exceptionally high level of 1965, when the first orders were recorded for the A320, the short to medium-range aircraft produced by the Airbus consortium which is due to make its first flight next month.

The ATR consortium, which groups Aérospatiale with Aeritalia of Italy, ended the year with firm orders for 79 of the ATR 62 commuter aircraft.

Helicopter orders rose from FFr 5.4bn to FFr 6.7bn last year, with 42 orders for the Super Puna twin-en-gined helicopter. Orders for tactical missiles fell from PFr 7.5bn to FFr

The strategic systems and space division boosted orders to FFr 5.5bn from FFr 6m, thanks to the English anications satellite

Mr Martre said Aérospatiale's po-sition had been made more difficult by the fall in the value of the dollar, in which aircraft orders are priced, and in the prices of oil and primary

The lower oil price had also damaged the commercial prospects of aircraft such as the Airbus A320 which had been designed with the aim of reducing energy consump-

Morgan Guaranty Trust Company of New York 35, Avenue des Arts B-1040 BRUSSELS

DATED: January 7, 1967.

Interest Rate

Interest Period

13th July 1987

Agent Bank:

Interest Amount per U.S. \$10,000 Note due

**NOTICE OF EARLY REDEMPTION** 

U.S.\$300,000,000

A year Notes that in accordance with the provisione of the Facal Agency Agreement dead August 10, 1984 (Condition 5 (c) of the Undeted Notes and Condition 5 (b) of the 4 year Notes), the Issuer will redeem all the Notes on February 13, 1987 (together called the "Interest payment Date" and the "redemption Date" at their principal amount.

Payment Date.

Payment Date.

Payment of principal will be made on or after the redemption Date at the specified office of the Transfer Agent or the Registrar listed below, upon presentation and surrender of the Notes.

The Notes will become void unless presented for payment within a period of 10 years from the redemption Date.

Fiscal Agent
Morgan Guaranty Trust Company of New York
35, Avenue des Arta
8-1040 BRUSSELS

U.S. \$300,000,000

Crédit Lyonnais

Subordinated

Floating Rate Notes Due 2000

TRANSPER ACCENT

Morgan Guaranty Trust Company of New York 30 West Brosdway NEW YORK, N.Y. 10015

63/16% per annum

12th January 1987

13th July 1987

U.S. \$312.81

Interest will be said to the persons shown on the Register of Noteholders at the close of business on the fifteenth day prior to the

The Kingdom of Belgium -- Undated Floating Rate Notes ---(U.S. \$286,800,000 Undeted Notes and U.S. \$11,500,600 converted into 4 year Notes maturing in August 1990).

### INTERNATIONAL COMPANIES and FINANCE

Hilary Barnes reports on the decentralisation of Denmark's sixth-biggest bank

### Andelsbanken branches out

ANDELSBANKEN, the Danish commercial bank founded in the made a crucial contribution to the bank's progress.

The bank has 179 branches, organisation begun in 1981 and completed in 1985, required an extensive internal educational properative movement and the farmers, has emerged over the past two mised in 57 area management.

The bank has 179 branches, organisation, begun in 1981 and completed in 1985, required an extensive internal educational properties to adjust their prices to match the terms officed by the dominant gramme at senior and junior levels.

We did not start with a master

and is much more than a simple ag-ricultural bank. Danish farmers the area managements are free to now account for less than 15 per act as they wish."

Areas and branches tended to cent of lending and the co-opera-tives for about 10 per cent.

tives for about 10 per cent.

Over the past three years, Andelsbanken has doubled its balance sheet and its share of domestic changed the criterion from size to lending. It has pushed rapidly into earnings and pointed out to managimer national business and extended widely the range of custom-

er services.

Over the past two years it had made operating profits, before depreciation and loss provisions, banking world, and it does not stop to the preciation and loss provisions, banking world, and it does not stop to the provisions to the preciation and loss provisions, banking world, and it does not stop roughly in line with the earnings of with the area managers. "It goes banks twice its size. As a return on right down to each individual employer," said Mrs. Nyhoe Andersen. DKr 673m for 1865 were 26.9 per large, said Mrs. Nyhoe Andersen. DKr 673m for 1865 were 26.9 per cent, compared with 16.2 per cent in 1884. For the senior woman executive in banking in Europe, will succeed Mr Jacobser her cent.

The extent of decentralisation is illustrated by the following points:

A radical reorganisation of the illustrated by the following points: bank through extensive decentralisation and the application of serto observe a uniform price structure

choosing a narrow menagement. One of the curiosities at Andelspyramid, others a broader pyramid. Some areas emphasize one set of services, such as investment advice, others some other aspect of bosiness.

All the content is true to the content in the content in

to promote and maintain a common identity and public image, sress who are sent to the bank's annual can also carry out their own marketing and buying services, if they wish, from local advertising bureaux rather than the bank's marketing section.

The associations elect delegates who are sent to the bank's annual or extraordinary meetings of shareholders, at which each delegate has one wote, however many shares he or she may own. This is a system of return section. to promote and maintain a common The associations ele

commercial bank founded in the 1920s to serve the agricultural cooperative movement and the farmers, has emerged over the past two
or three years as one of the high filers of Danish banking.

The bank is the country's sixthbiggest according to balance sheet
total — about DKr 50hm (\$6.86m) —
entire Year agricultural cototal — about DKr 50hm (\$6.86m) —
entire Year agricultural cotor three years as one of the high filers of Danish banking.

We have given the area management,
biggest according to balance sheet
total — about DKr 50hm (\$6.86m) —
entire to adjust their prices to match
the terms offered by the dominant
in the terms of the t

hess;

All area staff participate in deciding how an area should be organised;

bank areas has its own shareholders' association. These associations hold their own meetings at which bank accounts and reports are pre-

return rather than the bank's marlecting section.

Control is ensectised through a rigorous budgetary surveillance system. So deviations from budgets
can quickly be detected and followed up. There is an annual budget planning meeting between area
managers and the general management, which is also followed by
quarterly meetings.

or she may own. This is a system of
organisation very similar to that

### Insurers hit by rising claims

ti-million pound insured loss every four or five days, according to Swiss Catastrophes such as major fires.

civil aircraft have cost insurers more than \$380m in the past 15

THE WORLD'S insurance industry loss produced claims of between has to reckon on being hit by a mul- \$15m and \$30m, the average figure

SPONSORED SECURITIES

G

crédit foncier de france

£100,000,000

Guaranteed Floating Rate Notes 2000

unconditionally guaranteed, as to payment

The Republic of France

of principal and interest, by

In accordance with the provisions of the Notes, notice is hereby given, that, for the three months period, 9th January, 1967 to 9th April, 1967, the Notes will bear interest at the rate of 11½ per cent. per annum. Coupon No. 9 will therefore be payable at the rate of £693.49 per coupon from 9th April, 1967.

S.G. Warburg & Co. Ltd.

The findings are based on the au-Catastrophes such as major fires, mual loss surveys published each earthquakes and the destruction of Jamesry by Swiss Re, the world's second-biggest specialised reinsur-er after Munich Reinsurance.

125 97 176

Gracville & Company Limited 8 Lover Lune, London EC3R, 889 Telephone 01-621 1212 Member of FIMBRA.

Between 1979 and 1985 Swiss Re's researchers logged 2,305 major losses and catastrophes, 1.5m fatalities, almost 50m homeless and a presumed material economic loss of about \$700hn.

years, the group says in a research report.

It has also compiled a "world loss tional civil aviation – account for sent the size and frequency of such losses have both risen steeply during the 1980s. While in the 1970s the average insured catastrophic ratios fall when economy is favor-trophes.

Granville Davies Coleman Limited 27 Lower Lane, London EC38, 8DT Telephone 01-621 1212 Member of the Stock Exchange

#### Illinois boat builder makes third purchase

By David Owen in Chicago

OUTBOARD MARINE, the Illinois based marine engine manufacturer, last week agreed to its third acquisi-tion of a US boat builder in less

The company agreed to purchase privately held Stratos Boats, a Tensee-based manufacturer of fipreglass power boats, for an undis

The move closely follows the ac-uisitions of both Carl A. Lowe Industries and Michigan-based Four Winns. The three companies togeth-ber account for some \$220m in an-

The purchases continue a process of vertical integration in the US marine products sector triggered by the \$775m acquisition of two major boat builders by Brunswick, Out-board Marine's rival, towards the end of last year.

### AccuRay bid wins approval

By Our Financial Stati

ACCURAY, the maker of proce control equipment based in Columbus, Ohio, has accepted an improved offer of \$45 a share, or \$214m, from Combustion Engineering, the US power generation and industrial equipment maker, which has made a number of acquisitions in process control, James Buches reports from New York.

The merger cancels an earlier agreement to sell AccuRay for \$40 a share to Hercules, the US chemicals company. Hercules had also sought access to AccuRay's technol-ogy for its speciality chemicals and aerospace business. Because of the termination of the agreement, Her-cules has been paid \$8m.

In 1985, AccuRay had not income of \$7.9m on sales of \$1.50m.

### **Amax signs** Chilean deal

By Our Mining Editor

AMAX, the US diversified natural resources group, has signed an agreement with the government of Chile for the continued evaluation of a project to produce potash, bor-on and lithium from brines in the northern part of the Salar de Atacama in Chile.

Given a favourable outcome to the evaluation, Amax aims at an initial annual production of 500,000 tonnes of potassium chloride, about 200,000 tonnes of potassium sulphate, 22,000 tonnes of boxic acid and 2,800 tonnes of lithium metal

These Securities have been placed outside the United States of America This announcement appears as a matter of record only



#### **EUROPEAN INDUSTRIAL EQUITY** COMPANY S.A.

(Société Anonyme incorporated with limited liability in Luxembourg R.C. Lux. No. B24694)

#### PLACING

10,015 Units

Each Unit comprises 1 Ordinary Share of SwFr100

18 Redeemable Preference Shares of SwFr100 each



Investment Manager Emesco Management A.G.

> Consultant Emesco A.G.

The undersigned acted as authorised distributors and agents to the placing

**PaineWebber** 

de Zoete & Bevan Limited

a subsidiary of Barclays de Zoete Wedd Limited

October 1986

We are pleased to announce that

William T. Dunn

has joined our firm and has been appointed

Managing Director

**Bear, Steams International Limited** 

Bear, Stearns & Co. Inc.

New York/Atlanta/Boston/Chicago/Dallas/Los Angeles/San Francisco

Amsterdam/Geneva/Hong Kong/London/Paris

This announcement appears as a matter of record only.

December 23, 1986

\$45,000,000

Holmes Protection Group, Inc.

8.70% Senior Notes due December 15, 1991

This private placement has been arranged with institutional investors.

Salomon Brothers Inc

One New York Phaza, New York, New York 10004 (a., Boston, Chucago, Dallas, Los Angeles, San Francisco, Zurich, Affiliates: Frankfurt, London, Tokyo. Member of Major Securities and Commodities Exchanges.



**Credit Suisse First Boston Limited** Reference Agent

Bank of India

U.S.\$40,000,000 Negotiable Floating Rate Certificates of Deposit due 1987 (Retractable at the option of the Holder to 1986) In accordance with the provisions of the above Certificates, notice is hereby given that for the 6 months from 9th January 1987 to 9th July 1987 (181 days), the Certificates will carry an interest rate of 67/s% per amoun.

The interest payable on the next interest payment date, 9th July 1987, in respect of each US\$500,000 Certificate, will be Lloyds Bank

STOCKHOLDERS FAR EAST INVESTMENT INC.

Net Asset Value 31st December 1986 \$5.30 per share (unaudited)

EKERGY RESOURCES SERVICES INCORPORATED

Net Asset Value 31st December 1986.

\$8.05

per share (unaudited)

THE MORTGAGE BANK **ADMINISTRATION** AGENCY OF THE EINCDOM OF DENMARK 50,000,000 Guaranteed Floribe Rate Notes Due 1994

accordance with the forms and combine an acconstance with the terms and conditions of the Notes, notice is lustry given that the thu three months intenest period from 9th January 1987 the Notes will carry a cate of interest of 1745/8 per musus. The relevant lutterest Psyment Date will be 9th April 1987. The Coupon Amount per 25,000 will be £159.47 psymblo against Surrender of Coupon like 17.

Agent Bank

£200,000,000



Floating Rate Notes Due 1995

Interest Rate Interest Period

111/4% per annum 8th January 1987

8th April 1987

£138.70

Interest Amount per £5.000 Note due 8th April 1987

Credit Suisse First Boston Limited

US. \$600,000,000



**Banque Nationale de Paris** 

Partly Paid Registered Floating Rate Notes Due 1995

15th July 1987

6.175% p.a. Aggregate Rate 1.070833% p.a.

Interest Period Interest Amount per

12th January 1987 15th July 1987 U.S. \$250,000 Note due

U.S. \$8,209.72 Credit Suisse First Boston Limited

Agent Bank

Hambres Reak Limited

Series 91 Liecondida

### Tesco withdraws from auction for Safeway

"It's not for us. The price is going to be high and if we're looking at our own development programme—which is excellent—we don't need the name of

The sale of Safeway's UK stores is part of the American parent company's plan to raise funds to meet interest payments on its \$4.7bn debt, following a leveraged buy-out of the company. The sale was formally announced at the end of November, and is being handled by investment house, Morgan Stanley wants bidders to confirm an interest by mid-January, ley. Estimates of the possible

Mr Ian MacLaurin, chairman of Tesco, said the company had taken a good look at the 131 store group. But he continued, "It's not for us. The price is exposure in the South-East. There would be some overlap in Scottish stores, although grounds for referring a deal with Argyll to the Monopolies Commission are probably slimmer than for most other high street chains.

Tesco, one of Britain's largest sale price have ranged from supermarket chains, yesterday ruled itself out of the bidding for Safeway Stores, the British arm of the US supermarket chain.

Safeway offered Tesco a number of good sites which could have expanded the suction bodes well for Argyll group's coverage, upped market chain.

Safeway offered Tesco a number of good sites which suction bodes well for Argyll group's coverage, upped market chain.

The US arm of the Drive have ranged from the safeway offered Tesco a number of good sites which could have expanded the group's coverage, upped market chain.

scale. The UK arm of the Safeway chain has an impressive profits record, and recently reported \$44m pre-tax in the year to October on sales topping £1ba.

However, according to Mr MacLaurin, only 20 of the Safeway stores matched Tesco's development criteria. Most, he added, were small compared with the superstores which the group is looking to develop.

He denied that the group had been deterred by the possibility of a Monopolies reference. Tesco, which currently operates some 375 stores, has around some 375 stores, has around 13.5 per cent of the food-retailing market, and Safeway might add a further 3.5 per

### BA share deals: decision stands

BY RICHARD TOMKINS

tion for Hill Samuel's decision has been that any delay in the start of official dealings will allow the grey market to thrive.

On Friday, however, licensed dealer Cleveland Securities said possible the time in which

Hill Sanuel, the merchant it would not be making a grey people might be tempted to bank sponsoring the British market in British Airways make a grey market," said Mr Airways flotation, yesterday said shares because of hostile com- David Bucks, Hill Sanuel's it would stick by its decision to ment about its role in the vice-chairman.

allow dealings to begin before letters of allotment went out in spite of the near-certainty that there will be no grey market in the shares in advance of official the shares in Up till now, the main justifica- ing by its decision because there

Small shareholders do not like dealings to begin before allotment letters go out because some find it difficult to sell shares in early dealings without proof of ownership,

Mr Bucks acknowledged that some shareholders could find themselves at a disadvantage, but considered that the majority would find the means to deal if they wished to do so.

### Australian group buys into Redfearn

REDFEARN NATIONAL Glass by Mr Diegh Prest, Prest Tasman, a quoted subsidiary of announced yesterday that another Antipodean investor— and financial services.

Group's operations span paper, a New Zealand-based group, Mr packaging and financial services.

In addition Mr Prest has a 35 per cent stake in Equiticorp Tasman.

An investigation into the circumstances surrounding this terests in Hong Kong and the barre transaction is currently being conducted in Australia.

Redfearn stake, is part of the chased a 19.9 per cent stake in very strongly since mid-Novem-private Pract Group of com- Australia's largest packaging ber, up from a 200p pisteau to panies based in Melbourne, Run company, ACI from Equiticorp 888p last night.

OSH, which has a 6.8 per cent In November, Mr Prait pur-

All of these securities have been sold. This announcement appears as a matter of record only.

200,000,000 SHARES

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**Arabian Investment Banking Corporation** 

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Price \$0.25 PER SHARE

The undersigned arranged the placement of these shares.

INVESTCORP

Redfearn's shares have risen

### Hawley to reorganise via £255m disposals

By Richard Tomicine

chaired by Er Michael Asheroft, is to undergo a substantial reorganisation through a disposal of several of its activities to Henlys, its 49 per cent-owned Canadian-quoted addition, for \$255m.

The move is simed at simplifying Hawley's business structure and strengthening its balance sheet. It will also have the effect of cutting its stake in Henlys to 25 per cent.

The assets being transferred comprise Hawley's home improvements division, the Insight group of companies and Spring Grave Services, together with Hawley's stakes in Attiwach (28 per cent), Nu-Swift Industries (28 per cent) and Hawley (10 per cent).

Hawley's stake in itself arose as a result of the acquisitism of Pritchard Ser-vices last year.

Henlys will satisfy the \$255m consideration through the issue of secured interestbearing loss nates, but it will also carry out a refinancing after completion to repay a substantial part of the sum

Hawley said that the reorganisation would leave it with its principal activities concentrated in the world's three main English-speaking areas—thet US, the UK and Australasia—and would comprise its core operations of cleaning and building services, hospital homehosping and feed services.

It will also leave Hawley with a bash balance of about \$300m (£204m), by his end of this year compared with debt of about £100m at the time of the Pritchard's acquisition.

Mr Ashcroft said the more was a step towards achieving Hawley's aim of becoming a major international services group, concentrating on ser-vices that provide recurring revenues with little fixed capital requirement in highly fragmented markets.

Hawley's shares closed 3p up at 128p. Henlys closed 27p down at 641p.

### J. Mowlem

John Mowlem has realised 155m after expenses through the sale of the investment port-folio of Glasgow Stockholders Frust. The construction and con-

varies on which cosh alternative offer and the cash alternative were based. Set at 177.85p, the FAV values each GST share at 193p in the share exchange and the cash alternative at 177p. Kleinwort Benson, adviser, Mowlem, have underwritten all the share required to meet both the cash and the share bids. For the underwriting Mowlem's

in a separate scattement, US investment bank Morgan Stanley International said that it had bought the assets of GST from Mowlem. It said that the market value of the portfolio was in excess of 200m.

### Stake taken

Mr John Leek, head of merchant bank Hill Samuel's Samuel's smaller companies unit, has been appointed non-executive chairman of Lilles-hall, the steel and fasteners

standed to expand the business by acquisitions, initially in the field of product distribution and near or product distribution and property development. His stake, acquired for £225,000, came largely from Lord Gran-ville, who retains a 33.3 per cent holding. Lilleshall charge closed up 40p on the day at 188p

#### **Newman Industries**

manufacturer to industria fasteners, is withdrawing from the production of ferrous cast-ings with the sale of Dover Engineering Works to a com-pany promoted by two of Dover's directors and three managers, Newman will receive

LG. INDEX

### Pegler acquisition helps Tomkins to £9m midway

the far larger Pegier Hatterstey valves group, reported turnover up to £93.5m and pre-tax profit at £9.27m for the six months to November 1 1986.

The results, which include four and a half months from Pegier, represents an increase in turnover of 3½ times against £96.5m and its pre-tax profits almost four times higher.

Rarpings per share were 56

almost four times higher.

Rarnings per share were 56 per cent higher at 6.2p and the interim dividend is 1.3p, an increase of 33 per cent.

Mr Grag Hutchings, Tomkins chief exacutive, said that the integration of Pegier had begun well but several benefits, such as the closure of Pegier's headquarters in Doncaster, would not come through until the full year.

lar the group of companies acquired from GKN in August 1985 has seen a significant rise in pre-tax profit and a 45 percent increase in the return on

At Pegler, in addition to the headquarter closure, the loss-making J J Braimbridge subsidiary had been closed and Paragon Plastics had been sold for £5.5m.

Tomking seld to had necessary

Tomkins said it had radically improved each and stock man-agement at Pogler, releasing at least film, instituted a manage-ment pay system linked to return on capital rather than output and turned Pegler from production to marketled

as the closure of Pegler's headquarters in Doncaster, would
not come through until the full
year.

He also admitted that
Pegler's underlying performance had only been steady but
months and expected to spend

F. H. Tunkins, the fast-grow-said that the organic growth a little less than £9m in the ing industrial conglomerate from some earlier acquisitions expanded group for the whole which last year won control of had been excellent. In particute far larger Pegier Hattersley lar the group of companies.

Tomkins is proposing a one-

forthree scrip issue.

The company has net cash and investments of £40m and may soon be in a position to make further bid. However Mr Hutchings dampened speculation about an imminent bid. He said: "The level of our share price at the moment is inadeprice at the moment is inadequate for issuing new shares and contested bids are not popular. But we could still make a cash acquisition of up to

has now left the company cost-ing Tomkins several hundred thousand pounds in golden handshakes. However, almost all the individual company managements remain in place.
Current trading is said to be encouraging. The share price rose 16p to close at 304p.

### Ellis & Everard surges to £3m

Kenyon Securities; int 4 London Scottish

Robert H. Lowe ...... Rathers .....int 1† FH Tomkinst .....int 1.33

DIVIDENDS ANNOUNCED

Trition:

Trition:

C.77 Feb 28 C.8 1.1 C.3

Dividends shown pence per share net except where otherwise stated. \*Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock.

Date Corres Total of sponding for

Mar 12 1.68\* 3

Jan 30 0.75

April 7 1 Feb 28 0.3

Total last

leading independent chemical 2.5p net.

2.5p net.

2.5p net.

3.5p net.

4.5p net.

4.5p net.

4.5p net.

5.5p net.

6.5p net.

6.5p

That was an improvement of 68 per cent over last time's £1.97m and just £0.4m short of the figure returned for the 1985-1986 year as a whole.

1986 year as a whole.
Cargo Fheet Chemicals, which was acquired in April 1986, made an outstanding contribution and other divisions also performed well, in particular merchanting in the UK and AICC in the US.

Those who guessed that Ellis & bit more twen the present Everard were going to announce \$1.25m insurance bill. This and bought shead of the buying volume in a market which is so fragmented as to over the last week. However, as some £900,000 of the increase margins much without losing comes from the first time business altogether. Forecasts contribution of Cargo Fleat, the organic rise is a fairly average to £6.1m allowing for the good 20 per cent or so. More worrying is the position in the US where operating margins are a slim 2 per cent compared with the 5 per cent norm in the UK. The directors said yesterday that they were encouraged by the outlook in both the UK and the US and said they remained confident that the full year results would show continuing

substantial progress.

It was pointed out that the acquisition in December of Apperson Chemicals of Fiorida had given fresh impetus to the

Interest charges for the half-year (to October 31 1986) accounted for \$34,000 (£73,000). Tax rose from £824,000 to £1.21m and left earnings 50 per cent higher at 9.3p (6.2p) per. - Unquoted stock.

The interim dividend is being

### realises £55m

tracting company acquired the Trust with a view to liquidating its assets through a share offer that valued GST at £64m.

The acquisition and then disposal of GST's assets are estimated by analysts to be roughly equivalent to a one-for-four rights issue by Mowiem.

Also amornicad variances

Also announced yesterday was the agreed formula asset value on which both the share

shares were priced at 345p. Last night Mowless closed down 3p

### in Lilleshall

group, and with his family has acquired a 6.8 per cent stake in

Mr Leek said ye

approximately 52.7m.

### Bryant pension fund in move to help defence

By Clay Harris

Bryant Heldings' peasion fund has invested almost 10 per cent of its 2550 in the com-

fund has invested almost 10 per cent of its 255°15 in the company's shares to help to defend the Midlands-based housebuilder and property developer against a £187m takeover bid from English China Chays.

With additional share purchases announced yesterday. Bryant Group Staff Superanaution Fund has now spent 12.1m to buy a total of 1.271.755 Bryant shares. The company says the fund has assets of \$22m, including a f5m surplies on book value disclosed in a defence document last week.

The Bryant fund hought 150,000 of the shares at 1802p, higher than EEC's 1803 oach offer. Trustees of the fund are Mr Chris Bryant, the company's chairman, and Mr John Crosland and Mr J. A. Rutledge, non-executive directors.

Robert Fleming, the menchant bank advising Bryant, also announced further share purchases to take its total stake to 2,988,005 shares. With directors' and Bryant family holdings, about 26.5 per cent of the shares are committed against the offer. ECC controls 17.8 through acceptances or shares held by an associate.

held by an associate

ECC shares added 1p to 334p

where, after excluding an 8.25p
dividend, its pine-for-16 offer values Bryant shares at 183.2p See Lex

#### Willis welcomes union drive in bid battle

Mr Norman Willis, TUC general secretary, yesterday warmly welcomed the usion initiative, led by the GMBU general workers' union, in the takeover battle between the glassmaker Pilkington and DIE, the industrial conglomerate.

The union is urging pension fund trustees to take an active role in deciding whether their funds should accept the hostile £1.1bn bid.

Speaking at an international union conference on IBM, Mr Willis absorby criticised BTR's attitude towards union personal.

attitude towards union organisa-tion in a number of its sub-sidiaries, such as Dunion and JE Hanger, which has been in-volved in a bitter upion dispute for almost four months.

He advised BTR to "take very seriously" the unions' initiative in opposing the bid far Filkington.

This announcement appears as a matter of record only.

### Magnet Southerns

£10,000,000 (Issue Price)

**Deep Discount Loan Stock 1997** 

**MAGNET JOINERY & TIMBER LIMITED** 

guaranteed by

**MAGNET & SOUTHERNS PLC** 

arranged by

COUNTY NATWEST CAPITAL MARKETS

& The NatWest Investment Bank Group

#### First Independent Corporate Finance Limited

is pleased to announce that WM LIGHTING LIMITED



electrocomponents pic

First Independent Corporate Finance Limited act as financial advisers to WM Lighting Limited

December 1986

**New Issue** 

#### **UK COMPANY NEWS**

Whittaker looks set

### Enlarged Ratners at £2m and confident on outlook

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Bryant

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See Compa

Ratners (Jewellers) yesterday announced pre-tax profits of £2.24m for the six months to October 6, a substantial improvement on the £155,000 exhibited at the £155,000 achieved at the same stage last

The figures included a first contribution from H Sannel, which Ratners acquired for £149m in May.

fifthm in May.

Traditionally, jewellers make very little profit in the first half of the year since their sales are concentrated around Christmas.

This year Mr Gerald Ratner, the chairman and chief executive, reported that "outstanding sales increases" had been achieved during the Christmas season, with turnover up 50 per cent at Ratners and 40 per cent at H. Samuel.

Ratners is, accordingly, confident of a successful outcome in the current financial period, which will last for ten months because the group is changing its year and from March to January.

The H. Samuel acquisition by itself added 350 stores to the group and a further 22 new Ratners and Terry's shops were opened in the first half, with another 17 added since fhen, The group now has 600 stores in all, of which 150 trade under the Ratners name.

Around £21m will need to be written off the H. Samuel balance sheet, largely due to the write-down of stock values but that figure will be offset by a film surplus on property re-

Provision is also being made for the £550,000 compensation package paid to Mr Anthony Edgar, the former H. Samuel chairman and briefly chairman of Ratners, who has left the commany.

H. Samuel made a pre-tax loss in the same period last year so the pre-tax profits of £2.24m compare with a pro-forma group loss of \$159,000.

Turnover was up 32 per cant at £55.2m (pro forma £41.7m). After interest of £1.39m (pro forma £949.000) and tax of £840.000 (£65,000), earnings per share were 1.6p (0.26p). The interim dividend is being

set at 1p (0.75p). Mr Victor Ratner, the director responsible for buying and merchandising has been ap-pointed deputy managing director and Mr John Hughes has joined the board as retail operations director.

The company intends to change its name to Ratners

### to clinch victory in battle for MSCC

BY IAN HAMILTON FAZEY, NORTHERN CORRESPONDENT

Cana Company after the bid closes at 3 pm tomorrow. Last night Mr Whittaker claimed

79 per cent of the company's 4m preference shares and 34 per enet of the ordinary shares. The chet of the ordinary shares. The shares carry eual voting rights, but voting weight is tapered to favour small shareholders, so that obtaining 51 per cent is not in itself enough for control. This was one reason why Mr Nicholas Berry, MSCC Chairman was refused to consider defeat. Samuel should not eventually achieve the £80 per square foot currently being made by Ratners. With £30,000 feet of Samuel selling space, that implies a target of annual profits of £24m from the acquisition alone. In the meantime, the original Ratners group upped Christmas turnover by 50 per cent to show that the formula of "flash for cash" is still enticing teenage girls to buy ear-rings, bangles and chains. Pre-tax profits for the ten months just ending look likely to be £22m but the real game is guessing next year's figure—£38m seems the most likely estimate. The shares, at man, refused to concede defeat last night although many close to the battle are now understood to see the outcome as almost inevitable.

To take control, Mr Whit-taker needs to break down some or all of his holdings into 100share packets to maximise vot-ing strength. If he can do so to a greater extent than Mr Berry and his supporters, he is majority at the company's AGM

trols the publicly quoted retail developer Peel Holdings, said

Highams, the textiles com- that about 20,000 potentia pany privately owned by Mr nominees had now been found John Whittaker, the Resendale-among his group's employees, based property developer, now customers, suppliers and their seems almost certain to take control of the Manchester Ship Another 10,000 supporters

Another 10,000 supporters had also been found, many through canvassing in towns and villages of the Lancashire He said they were ready " if

deal has yet to come from the Stock Exchange, but on Friday stockbrokers Laing & Cruickshank bought 6.25m Bowater shares on behalf of four institutional clients. Mr Berry yesterday said that Six million of those shares came from Hoare Govett, Han-son's stockbrokers. The deal took place at 360p. Mr Whittaker would have to be tested on the matter to see if the claim was a bluff. Each side has six weeks from the close of the bid to register its

Both sides agree that Mr Whittaker needs only a simple majority to sack all the shareholder directors and replace them. If the company's statutory directors — Manchester City councillors, who have a legal right to a boardroom majority of one—do not agree with his plans, he culd then run the business via a rolling series of emergency general meetings.

A sign of the way the battle is going, however, is the way the argument is now shifting to what Mr Whittaker can and

### 788F. Up until late-1985 Bowate

shares were trading at under 300p, suggesting that Hanson's profit on its stake—assuming it was the source of Hoare Govett's shares—must top £3.5m.

Yesterday, Mr Martin Taylor, a Hanson director, refused to comment on the suggestion that Hanson had reduced its stake.

Hanson's

Bowater

By Nikki Tait

brokers sell

share stake

Hanson Trust is believed to

have cut its stake in Bowater Industries, the packaging and

builders merchants supplier, from 11.2 per cent to just below

Official notification of the

Hanson first disclosed a stake

#### Record net income at NatWest USA

Fourth quarter net income of National Westminster Bank USA rose 25 per cent to \$17.9m, making a record \$67.7m for 1986, compared with \$54.6m pre-viously. Return on assets rose to 0.65 per cent, against 0.61 per cent a year ago.

Mr William T. Knowles, chairman and chief executive officer, attributed the strong earnings gains to continued growth in the bank's domestic business with higher loan and core deposit volumes, increases in non-interest income and a fur-ther significant improvement in the bank's asset quality.

Net interest income for the year increased 10 per cent to \$571.1m (\$336.2m) with the fourth quarter figure up 5 per cent at \$95.4m.

#### Barr

A. G. Barr, Glasgow-b pre-tax profits by 40 per cent from £3.2m to £4.47m for the year ended October 25, 1986, on turnover 11 per cent higher at £39,18m, against £35.2m.

At the trading level, profits were up from £2.61m to £8.84m, before interest received of £631,000 (£598,000). Tax charge increased to £1.52m (£954,000) and there was an extraordinary credit last time of £332,000.

Stated earnings per 25p share rose from 35.56p to 46.69p and the dividend is stepped up to 11p (8.45p) net with a final of 8.5p.

### Ladbroke expanding US property side with £74m purchase

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

Ladbroke, the diversified hotels, racing and retailing, entertainments and property group, is substantially increasing its US interests with the spending of \$110m (£74.4m) on the purchase and refurbishment of two office blocks in central Washington DC.

Both buildings, Plaza West and the Commonwealth Buildings, are of 12 storeys and between them they provide 560,000 square feet of space. At present they are occupied by the US federal Government.

Ladbroke, the diversified and retailing, and the Commonwealth Buildings, Plaza West and the Commonwealth Buildings, are of 12 storeys and property subspace of the Commonwealth Buildings, are of 12 storeys and between them they provide the property subspace of the Commonwealth Buildings, are of 12 storeys and between them they provide the property subspace of the Commonwealth Buildings, are of 12 storeys and between them they provide the present them they provide them they provide the present them the

central Washington DC.

The group has been active in the US property market for five years and has developed in that period about \$400m of pro-

The new buildings enlarge a portfolio of property holdings that is based on office buildings in New York and Westchester. Hanson first disclosed a stake

7.03 per cent—in Bowater in
July 1985, although it is believed to have had a 4 per cent
holding for some while longer.
The stake was then steadily
added to until it reached
11.7 per cent in February 12st

Of Ladbroke's planned expenditure, \$67m is being spent on
purchase. The balance will be
spent on refurbishment and the
cost of carrying the buildings
until they are ready for occupancy, Ladbroke said yesterday. Of Ladbroke's planned expen-

Ladbroke's US property subsidiary, London and Leeds Cor-poration, will be able to move into Plaza West at the end of September and to the Common-wealth Building in September 1988 for the refurbishment. The buildings should be ready for new tenants by summer 1988 and summer 1989 respectively.

On the basis of 1986 rents, Ladbroke expect the invest-ment initially to yield 10 per cent plus, perhaps five percent-age points more than might be expected from a comparable investment in City of London

### Third Market quote for Theme

of this year saw "record loan figures, ahead 19 per cent on the similar period last year."

Theme Holdings, specialist restaurant company, is planning to be one of the first companies to join the Third Market when restaurants in London including to pens on January 26. It announced the news yesterday along with the \$3.6m acquisition of Leisura Development, which operates Ragdale Hall Effective and Fatso's Pasta Joint. In the year ending October 31 the issue, Ensign Trust will be including the issue, Ensign Trust will be paid by the issue plus £1.8m in cash. Following the issue, Ensign Trust will be paid by the issue plus £1.8m in cash. Following the issue, Ensign Trust will be paid by the issue plus £1.8m in cash. Following the issue, Ensign Trust will be paid by the issue plus £1.8m in cash. Following the issue, Ensign Trust will be paid by the issue plus £1.8m in cash. Following the issue, Ensign Trust will be paid by the issue plus £1.8m in cash. Following the issue, Ensign Trust will be paid by the issue plus £1.8m in cash. Following the issue, Ensign Trust will be paid by the issue plus £1.8m in cash. Following the issue plus £1.8m in cash. Following the issue, Ensign Trust will be paid by the issue plus £1.8m in cash. Following the issue, Ensign Trust will be paid by the issue plus £1.8m in cash. Following the issue, Ensign Trust will be paid by the issue plus £1.8m in cash. Following the issue, Ensign Trust will be paid by the issue plus £1.8m in cash. Following the issue, Ensign Trust will be paid by the issue plus £1.8m in cash. Following the i

likely estimate. The shares, at

271p, are thus on a prospective p/e of only 10, modest considering the growth prospects.

The costs of Mr Edgar's

departure must have been an

unpalatable pill for Ratners to

swallow but such are the goodles in the Samuel empire that the overall taste of victory must still be remarkably sweet.

Samuel's shops were trading on profits of £11 per square foot before the takeover—that has already been bumped up to around £40 and there seems no

reason, especially given the prime High Street sites, that Samuel should not eventually

### **London Scottish lower** than expected at £2.1m

London Scottish Finance, the Manchester - based personal from £13.4m. Finance costs were finance company, yesterday £1.4m against £1.3m. Profits amounced pre-tax profits of after taxes paid of £585.977 £2.14m, a somewhat lower than (£483.450), totalled £1.55m expected £327,000 increase over the year to October 1985 figure.

Once called Refuge Securities, Carnings per ahare were 6.5p and the total dividend was ahead 25 per cent to 3p (2.4p).

Who collect payments from Commenting on current debtors on a weekly basis. The trading, Mr. Jack Livingstone, taken has an active debt collection service, Robinson Way, which has grown strongly in of this year saw "record loan"

ncentration of its activities in scotland, the Midlands and the North of the country is steadily being changed by expansion in

During the year eight new filess were opened and on 29, the first day of the resent financial year, LSF pur-hased March the Tailor, a six Yorkshire-based credit

Pre-finance margins were marginally ahead to 23.3 per

#### Evered buys stake in CI

Evered Holdings, the acquisi tive industrial conglomerate. announced yesterday it has acquired a 22.6 per cent stake in CI Group, specialist steel

and engineering group. Mr John Ford, Evered finance director, would not reveal how much he paid but insisted that it was regarded as a long-term investment and that there were no plans to bid for the company.

CI made pre-tax profits of £1.02m on sales of £27.6m in and recently completed its fourth acquisition of 1986 paying a maximum of £5.1m for

TRUSTROUSE FORTE, the hotel and catering group which last summer bought the former Imperial Group restaurant and hotel businesses from Hanson Trust for £190m, only to see the acquisition referred to the Monopolies Commission, has given undertakings that it will run the chain of Happy Eater roadside restaurants as a viable business—discrete from the rest of the company—during the MMC's enquiry. Evered has known the Cl senior management for some time and Mr Roy Kettle, CI's director non-executive Evered, Mr Ford said there would be opportunities to build commercial relationships be-tween the two companies. Evered expects to be offered seat on the CI board.

### **Bio-Isolates warns of** another year of losses

USM start-up venture which has patented a process for making protein out of cheese whey, yesterday warned that its results for the year to September 1986 were unlikely to show an im-

In the year to September 1985, the company incurred a pre-tax loss of £441,000 — its fourth consecutive period of mounting losses since coming to the USM in 1982.

Bio-Isolates has two joint venture operations, one in the US and the other in Ireland. It said these measures should provide enough working capital

The other joint venture at Mitchelstown in the Irish Republic had made considerable progress in the past three months in terms of sales and product quality, the company said. It was therefore investing said. It was therefore investing in increased capacity and cost-

The company is proposing a share subscription by two direc-tors—Mr Mark Davis, the chair-man, and Mr Richard Koch and a number of their associates. This will raise £125,000 through the issue of 625,000 shares at 20p each. In addition, the company's

Irish joint venture partner, the Mitchelstown Co-Operative Mitchelstown Co-Operative Agricultural Society, intends to make a loan to the joint venture company to expand

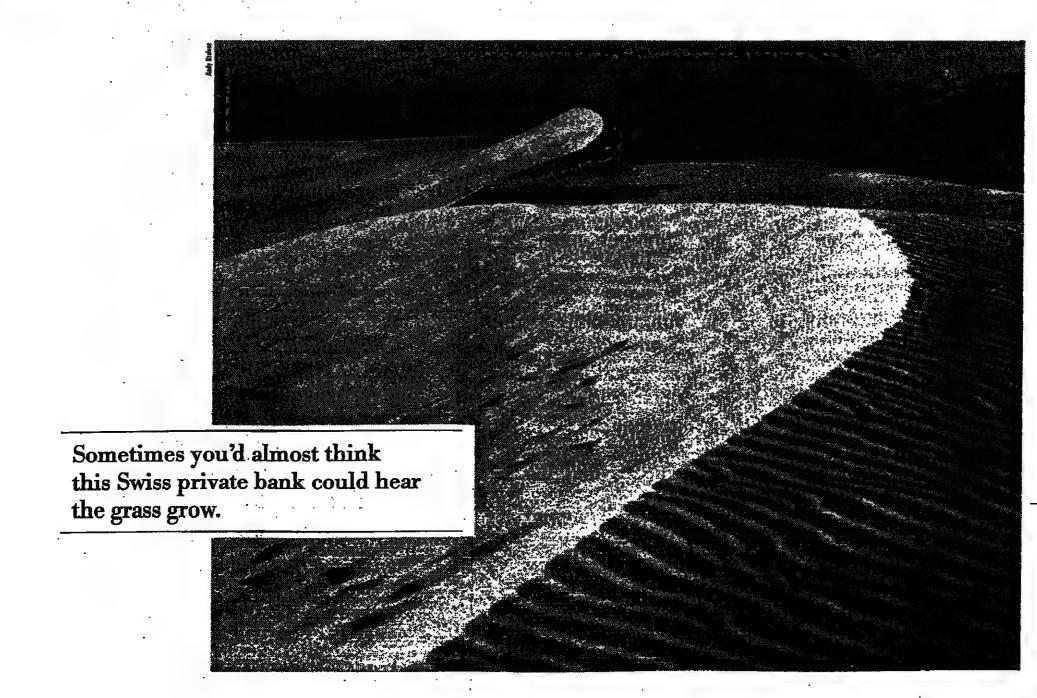
pesterday that most of the out provide enough working capital put from its Minnesota plant for the group to carry through had not yet been sold and was its 1987 operating plans. Its now in storage, although it was shares closed 3p up to 24p.

GOODHEAD PRINT Group has acquired the Review Group of Newspapers, of St Albans, Herts, for an initial £1.52m in cash. Further payments will be linked to profits over three

#### BOARD MEETINGS

Grasping tomorrow's challenges...today THE CHALLENGES To win the competitive race for market leadership and to anticipate the demands of a fast changing world. THE TEAM Energetic and committed management dedicated to profit and the pursuit of excellence THE RESOURCES
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uccessful investment strategies built around individual needs rely importantly on the far-sightedness of their architects and the superior quality of their information.

research monitors a constant stream of key data from financial centres all over the globe to enable us to identify new trends and developments ahead of time. The fact that, from this barrage

This is why our investment

of sound, we can pick out the important messages faster and clearer than others, could have something to do with the quiet way we work. For, those who speak loudly

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Bahnhofstrasse 3, CH-8022 Zurich, Switzerland, Tel. 01 488 71 11. Vontobel USA Inc., 450 Park Avenue, New York, N.Y. 10022, USA, Tel. (212) 415-7000.

### Manchester Airport commercial director

Mr John Newton has been appointed commercial director for MANCHESTER AIRPORT. He has held a senior post in the directorate of finance and administration for the past two years. The responsibilities of the newly-created post of commercial director include maximizing the director include maximising the sirport's non-aviation revenue.

Mr T. D. Barry has been elected chairman of THE CITY OF LONDON BUILDING SOCIETY. He succeeds Mr G. E. Richardson who has completed his term and continues as a director. Mr P. A. Bull has been elected deputy chairman.

Mr J. S. Rattray is to be appointed group overseas manager of COMMERCIAL UNION ASSURANCE CO from March 1, in succession to Mr C. O. Rowe who retired earlier last year.

Mr Alastair M. Livingstone has been appointed finance director of F INTERNATIONAL GROUP. He was finance director of the Coopers Group, having been with ICI for 31 years.

Mr A. A. Salem has been appointed group managing director, RETAIL LIBERTY. He was formerly group finance director.

OCCIDENTAL INTERNA-TIONAL OIL INC, London, has appointed Mr Michael Fitzgerald appointed mr michael ritgerald
as vice-president joint-ventures
and Mr Walter Voelke as vicepresident finance. Mr J. L. Hall
will retire as executive vicepresident financial and property
management at the and of
Rebrusts.

Mr G. I. Howell relinquished his post as secretary, but remain-ing on the board of DAILY MAIL AND GENERAL TRUST. Mr G.

GENERAL FOODS has appointed Mr John Leek a description on the coffee marketing director from February I. He replaces Mr Tom Park who is taking a post with PHILP MORRIS CO INC in Australia. Mr Paul Humpherston becomes personnel director.

### Ratners makes group changes

and merchandising throughout in Ratners and H. Samuel, has been appointed deouty managing director of RATNERS (JEWEL-LERS). Mr John Hughes, who is responsible for the group's retailing operations, has joined the board as retail operations director. Mr Derek Hiett, Mr Robert Smith and Mr Simon Talyor have been appointed to the hoard of Ratners. Mr Keith Inwood has been appointed general manager.

Mr Henry Cabey and Mr Barry Glynn have been appointed to the board of Mondales. Mr Michael Alichin, Mr Roger Clark, Mr Paul Caumning and Mr Michael Hoath have been appointed to the board of H. Samuel. Mr John Hartwright has been appointed general manager. Samuel, Mr John Hartwright has been appointed general manager, and Mr Stephen Power is now company secretary. Mr Paul Smith, chief accountant, has joined the board of Terry's, and Mr John Wallow becomes general manager. At WATCHES OF SWITZERLAND Mr Reger Day, the company's serior manager. the company's senior manager, has joined the board as resident director at the 16 New Bond

Mr Clive Davis has been appointed group financial con-troller from February 16. He joins from Home Charm. Mr teven Downes, management accountant for Rathers, becomes group management Accountant, Mr Nick Smith has been appointed group systems accountant. He joins from Welcome Break.

Ms Caroline Gillies has been appointed a director of the McCANN CONSULTANCY, corporate communications agency of McCann-Erickson, from March 30, She was marketing manager of Watford Football Club.

Mr Peter W. Ballard and Mr Richard G. Bax have been appointed associate directors of BRADSTOCK GROUP. Mr William E. Bennington has been appointed managing director of Bradstock, Blunt (N.L.), Northern Ireland based subsidiary of the

Mr Victor Rainer, who is the MASTERS. A Dutch citizen, he founder, becomes chairman, director responsible for buying was general manager of Ferry while Mr Jim Riordan takes and merchandising throughout in masters Central European divi- over as managing director. Mr sion, the company's largest operating division based in Rozenburg, Netherlands,

> INGS, the chairman, Mr Peter Green, is to retire following the annual meeting on May 7. He has agreed to remain on the board as a non-executive director.
> Mr Geofrey Dale succeeds him
> as chairman of the group, and
> with Mr Anthony Archer will
> continue as joint managing

STANE CASTLE ASSETS has appointed Mr David Fortune and Mr Paul Hilton as directors

EUROPEAN BRAZULIAN
BANK has appointed Mr Peter
Taylor as senior manager—
administration and company
secretary. He takes over from
Mr Peter Sandringham.

LEA & PERRINS INTER-NATIONAL has appointed Mr Phil Smyth overseas director and Mr Chris Bend as finance director and company secretary.

Mr Norman Susaman, chair-man of the BRITISH CLOTHING man of the BRITISH CLOTHING INDUSTRY ASSOCIATION has been nominated as the Association's first president. The nomination, made by the BCIA's executive council, will be put to the association's annual meeting on May 12, the day on which Mr Donald Parr will formally take over as chairman from Mr Susaman.

retirement of Mr David Graham
Wood. Mr Leek is a director of
Hill Samuel and Co and head of
smaller companies unit.

\*\*

The a restructuring THE
SCHREIBER COMPANY has
spoolnted Mr Jim Fitspatrick as
deputy managing director and
Mr Stan Matthews as manufacturing director. Mr David
appointed a director of FERRYSchreiber, son of the company's

over as managing director. Mr Chris Millwood has new responsibilities as sales director.

TI MACHINE TOOLS has At EVANS HALSHAW HOLD.

NGS, the chairman, Mr Peter croft as director, quality and proirecn, is to retire following the 
mutal meeting on May 7. He wilcock as director, planning and advanced manufacturing technology projects. Dr Thorneycroft was previously engineering director and Mr Wilcock plan-ning and marketing director.

> Mr Brian Ferguson has been appointed vice president of DANA EUROPE. He will combine his new duties with his present post as divisional general manager, automative division. Dana has also promoted Mr Ron Temple to vice preident and general manager of the Spicer Transmission, Spicer Clutch and Chelsea Power Products divi-Chelsea Power Products divi-

windsor fareham group
has launched Commercial & Bamford as investment director;
Industrial Funding, and appointed Mr Andre Dent as ales director; Mr Stnart Eaviles operations director. He was ales director; Mr Stnart Eaviles operations director. He was ales director; Mr Stnart Eaviles as international director; Mr Fareham Financial Services, Mr John Conter as marketing fareham Financial Services, Mr John Johnson as Adrian Langford becomes operations manager of the industrial department.

ARTHUR BELL & SONS has appointed for David Sawyer as director of Richardson's Fertilidivisional director interpational marketing. He was head Northern Ireland Training of marketing services. Mr Authority has been appointed a member of the INDUSTRIAL DEVELOPMENT BOARD OF Authority has been appointed a member of the INDUSTRIAT; DEVELOPMENT BOARD OF NORTHERN IRELAND, is suction to Mr John Parker, chairman and chief executive of Harland and Wolff.

#### Acorn board posts

resigned from the board because of new responsibilities within the Olivetti and AT&T groups. Mr Paolo Tosi becomes managing director of British Olivetti, ing director of British Olivetti, and Mr France Agostinucci, vice president for product and market strategy at the Olivetti

BEAUVALE, uphoistery divi-sion of the Stumberland Group

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**BREAKING NEW** 

**GROUND EVERY DAY** 



Mr Wayne Jarman, manager, State Bank of Vic-

STATE BANK OF VICTORIA, Australia, has appointed Mr Wayne Jarman, as chief manager of its London operations. He was chief manager of the inter-national division in Melbourne.

Mr Christopher G. Wigg has joined the board of SCAFFOLD-ING (GREAT BRITAIN) as financial director. He was financial controller of Scaffolding (Great Britain). Mr Frank Farmer, TV Times

advertisement sales and market-ing director, has joined the board of INDEPENDENT TELE-VISION PUBLICATIONS.

RODENSTOCK UK has appointed Mr Tony Hudson as enstomers services director.

Mr David Harrington, sales marketing manager—electrical and electronic components, and Mr Clifford Bulgin, previously general manager — power supplies, have joined the main board of A. F. BULGIN & CO.

ACORN COMPUTER GROUP has appointed Mr Peter le Boshas appointed as chairman Mr quet as managing director. He Brane Segglu, vice president for was chief executive of the group and already a board member of Acorn. Mr Alex Ubeldi and Mr Jim Edwards have Mr Keith Bidder has been reclayed from the board because

Mr Keith Bidder has been appointed UK sales director for the confectionery division of BARKER & DOBSON, and Mr Michael Jackson has been appointed production director from February 9 when he will be joining from Pilsbury.

NATIONWIDE BUILDING NATIONWIDE BUILDING SOCIETY has appointed Mr Christopher Weston as a director. He is chairman and chief executive of the Phillips Group of Fine Art auctioneers and valuers. He is also a director of Headline Book Publishing and F & C Pacific Investment Trust and is chairman of Bradford Peters (Holdings).

Mr Richard Pense has joined
J. B. REYNIER, as joint managing director. He will be working alongside Miss Carelya
Reynier, the managing director.
She recently amounced her
engagement and after her marriage che plants to laste Reynier in engagement and after her marri-age she plans to leave Reynier in late 1987. After this date Mr Persse will take over as manag-

#### Finance chief at Britannia

BRITANNIA BUILDING SOCIETY has appointed Mr Trever J. Bayley as general manager (finance). He was deputy general manager with responsibility for financial functions. Mr Phillip H. Davis, treasurer, is promoted to general manager from deputy general manager, retaining the title treasurer.

Mr Peter Robinson, an American, has been appointed managing director of GLANVILL ENTHOVEN NORTH AMERICA. London. The City-based company specialises in contracts for whole sale insurance business coming into the London market from local managing general insurance agents and brokers throughout the US and Canada. Mr Robinthe US and Canada. Mr Robinson joins from Jardine Emitt and Chandler Inc in San Francisco. Mr Lealie Hewitt, formerly a director of C. E. Heath North America, is joining Glanvill Enthoven North America as a director, and Mr David Nellson is joining as an associate director.

The group sales and marketing director of Gse/Rosen Oranisation Mr Alain Cooper, has been appointed to the board of Men's and Boys' Wear Exhibitions, promoter of IMBES, the annual News' and Rose' and Rose's an International Men's and Boys' Wear Exhibition.

Ms Sally Davis and Mr Reger Denzisen are to join the board of COLMAN RSCG.

# PLYMOUTH

TUESDAY APRIL 7 1987 CLIVE RADFORD Inancial Times, Merchants House Vapping Road, Bristol BS1 ARW Telephone: 180771 Wapping Hose, Straum and Hose Transphones (0272) 22265
EUROPE'S SUSINESS NEWSPAPER
The context, size and publication dates of surveys in the Floancial Times are subject to change at the discretion of the Editor.

**GMAC** 

MORGAN GUARANTY TRUST COMPANY

### £8.4m Heathrow services

separate arrivals and departures buildings within the central area. The \$4.9m contract covers work throughout the arrivals building, including a single-storay extension under construc-tion on the north western face which will enlarge the baggage which will enlarge the baggage reclaim hall. A plant room will be built over some 20 per cent of the central area of the exten-sion. Work is due for completion in autumn 1989. The £3.5m proin autumn 1989. The Eliam project entails supply and installation of building services to the southern extension of the departures building. This block is on three floors including a plant room. The project is scheduled to be finished next winter. With both contracts Taymech will be responsible for heating, ventilation, air cooling heating, ventilation, air cooling and plumbing, together with low voltage electrical and public

Newcastle City Council has commissioned BOWEY CONSTRUCTION to modernise 115 homes in the Pottery Bank area of Walker, and 247 homes in Dalsy Walker, and 221 nomes in Daily Hill—the two contracts are worth nearly £3m. Other con-tracts include office accommoda-tion for British Gas at Killing-worth and alterations to the Unemployment Benefit Office at Killingspath.

Bristol-based ROBERT WATSON
& CO (STEELWORK) has been
swarded a contract to fabricate
and erect structural steelwork
for the refurbishment of Michelin
House, a listed building in
London's Fulham Road. This
was originally opened in 1911
and the redevelopment will provide retail space in the basement was originally opened in 1911 and the redevelopment will provide retril space in the basement on the first floor and officer un the first floor and officer un the first to fourth floors, with plant rooms on top. The work involves refurbishment structure and an extension of two additional floors and of the second floor to provide a total area of 9,000 sq metres. The contract is worth about £500,000 to Robert Watson. Main contractor is Bovis Construction. The structural steelwork for two Sainsbury stores is being fabricated and erected by Robert Watson. The store at Bury St Edmunds, Suffolk, will involve about 300 tonnes of steel for the framework in a 4,800-sq-metre store.

BISON CONCRETE has been French Kier subsidiary MOSS awarded a contract valued at LONDON has started work on the London Borough of Wands-Horselydown Square, a commer-worth's Doddington Estate, Horselydown Square, a commercial and residential development sperimeter of the Docklands area. The 12,000 sq metres development incorporates an understroud car park, surmounted by ment incorporates an under-ground car park, surmounted by a podium with shops and offices. Above this are four- to six-storey residential blocks, totalling 76 spartments. The foundations and podium deck are of in situ concrete and the lower areas of shops and offices are of precast column-and-beam construction, using circula external columns. Above the transfer level the Above the transfer level the residential blocks are of load bearing crosswall construction, using solid precast concrete external walls and floors,

Preliminary work is under way on a £1.1m, 80,000 sq ft office and finits refurbishment being carried out at Russell Square. Bloomsbury, by DIX BELGRAVIA for Ebury Developments. Overall completion is due in late 1987. The six-storey Grade II Listed buildings at 54, 55 and 56 Russell Square date from about 1802. Under the contract, doors and floor coverings are being removed, structural walls are being repaired or rebuilt, staircases renovated, and roof coverings renewed. Refurbishment is being carried out in period style but to modern standards.

tract from Cliffsun for the construction of luxury residential
units at 12 Avenue Road, St

Government.

TAYMECH, building services contractor of the Taylor Wood-row Group, has been awarded two contracts by Heathrow Airport worth \$4.9m and \$2.5m for mechanical and electrical services installation at Terminal 3, Heathrow. The terminal will services installation at Terminal be fully operational throughout the work. Terminal 3 consists of Robert Watson, a member of separate arrivals and departures

The second, at Poole, 5,000 sq will consist of two blocks each maisonettes. Built on piled foundations, the buildings will will sent structural concrete frames with brickwork cladding. (South West). The two contracts frames with brickwork cladding. (South West). The two contracts frames with brickwork cladding. (South West). The two contracts frames with brickwork cladding. (South West). The two contracts frames with brickwork cladding. (South West). The two contracts frames with brickwork cladding. (South West). The two contracts frames with brickwork cladding. (South West). The two contracts frames with brickwork cladding. (South West). The two contracts frames with brickwork cladding. (South West). The two contracts frames with brickwork cladding. (South West). The two contracts frames with brickwork cladding. (South West). The two contracts frames with brickwork cladding. (South West). The two contracts frames with brickwork cladding. (South West). The two contracts frames with brickwork cladding.

improvements to the state, which is composed of 15 highand low-rise blocks. The first phase is scheduled for complation in June 1988.

The main function of the 
"environmental improvement" programme is the creation of identifiable neighbourhoods within the estate. Each neighbourhood will be made up of from two to three blocks. Each will two to three blocks. Each will have its own neighbourhood or "block" gardens, tenants' room and entrances. To create the gardens, under-used multi-storey car parks will be demolished and car parking organised in smaller observable areas.

Trafalgar House subsidiary LAWRENCE ALLISON AND ASSOCIATES WEST INC. has been awarded a \$4.5m (£3m) contract to operate the US Navy's fuel support point near the northern end of the Panama Canal. The contract calls for Lawrence Allison to staff, operate, maintain and previde security for defence fuel support point—Cristobal, an installation with a tank capacity of over Imbarrels. Annual throughput is around 60,000 barrels, directive from the 300 acre tank farm vig the Mount Hope pumping station to modern standards.

\* The Mount Hope pumping station and loaded via pier 16 at Cristouthern division, has been of operation have been finalised swarded a fin management conwith the remaining four one-year

### £6m orders for Clugston

CLUGSTON CONSTRUCTION has went contracts worth £6.2m for a variety of building and civil engineering works. The largest is the £2m Frank Perkins Parkway (North) for Peterborough Development Corporation. Building works totalling £8.4m consist of three schools at Lincoln, Bourne and Mansfield for Lincolnshire and Nottinghamshire County Councils, together with bunker bay roof at Butlins Funcoust World propers at Egyborough power ject at Skegness.

This announcement appears as a matter of record only.

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GENERAL NOTES

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5 Cut down journalist returns 7 Unreliable—only 5 Cut down journalist returns to bed (6)

5 Describes the spirit shown in the theatre? (8)

16 The art of growing small! (6)

12 Inexpensive bank getting way in the City (9)

13 Build vertically (5)

14 Man could be associated with dogs? (4)

16 Cheer e.g. land first in draw for distribution (7)

18 Number 11 may be? (Go on)

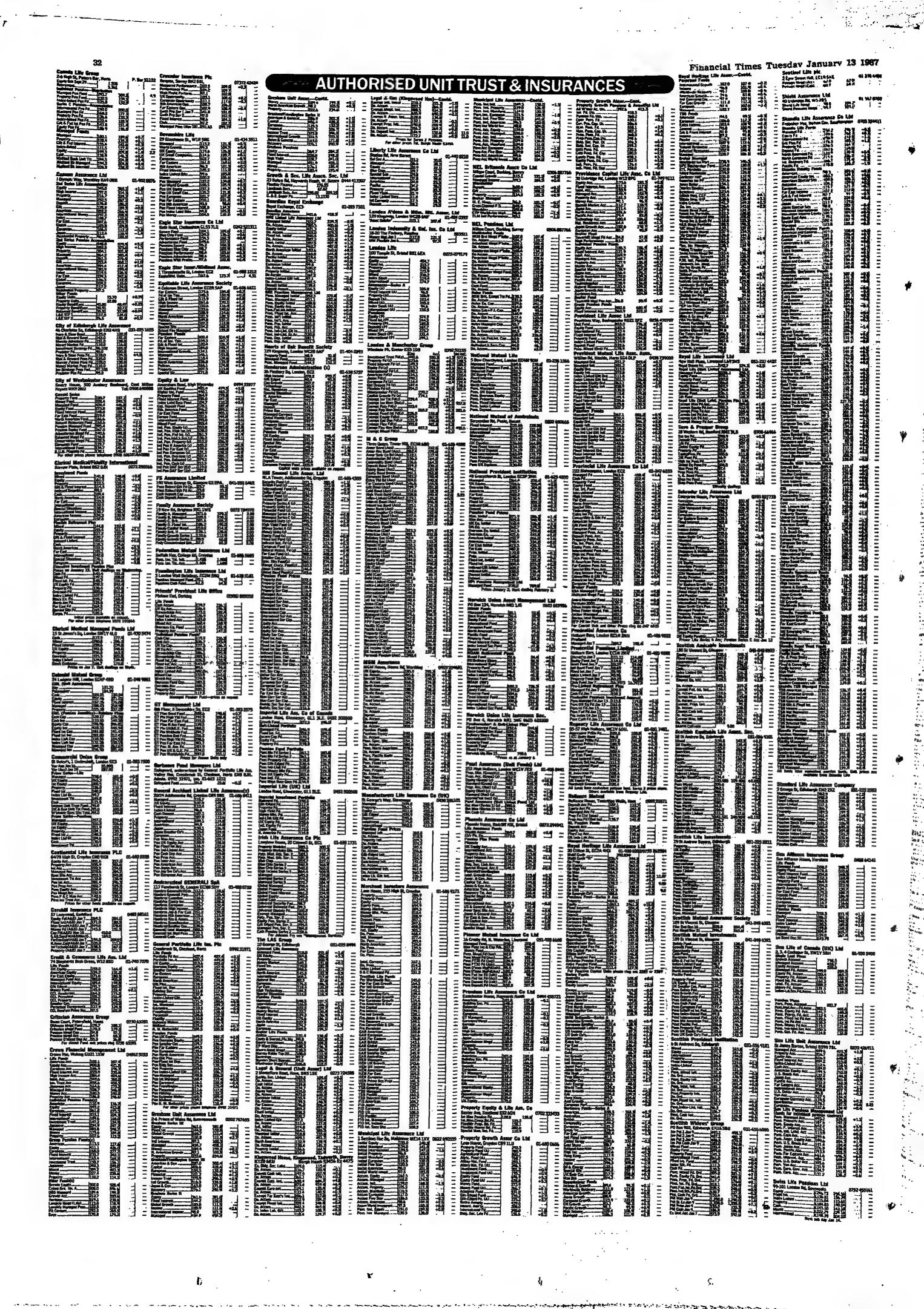
20 Instrument to be near when 18614 95.0å 136 0.92 0.92 0.70 1.74 1.43 2.50 TO THE for distribution (7)

Number 11 may be? (Go on!)

Backward stance for distribution (A)

15 An affected person with difficulty ro rostrum (8)

16 Instrument to be rising (4) tack Horse Life Ass. Co Ltd Robert Fraser Trust Mgt. Ltd 29 Altemarie St. London W1. No. Fraser Guth. Tg.... 122.0 129.1 (7)
21 Backward glance for what's in camera (4)
24 Top off the earth—it's circular (5)
25 After lap signal, tearing Coe
26 Mouldy lump? (5) 13.5 71.6 20.7 11.7 24.2 34.1 120.00 3.79 3.79 2.77 2.77 2.70 10.55 10.55 74 17.44 16.45 14.45 13.45 14. 165.7 100.7 is in contention (9)
27 Little 'elp with fish basket for day's delivery? (2-4)
28 Protectors of vehicle in the Solution to Puzzle No. 6,224 超级 British Mational Life Assurance Co Ltd Proyected Rand, Naywards Heads 0444 42 forefront (8)
29 Lively L.S.E.? Ron joins for classes (6) 30 Punishment is pronounced -05 -05 +05 93 93 by judge (That's one!) (8) DOWN 1 and 17 Area in N.E. France known for various occupa-117.50 11 2 Eddy's way of life irresistibly engulfing (6) 3 Children's favourite patron saint, not in (5)



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CHICAGO

WHEAT 6,000 bu min, conta,780-Ib bushel 18.00 18.00

SUGAR

\$ per tenne ### 147.0-147.4 147.9-147.8 188.4 148.4 ### 151.5-151.4 188.2-188.4 188.2 151.3 Aug. 158.3-153.5 188.0-188.4 188.2 151.3 Cot 188.3-158.5 188.0-188.4 188.4 188.8 Dec 187.3-158.5 188.0-188.4 188.4 181.8 ### 177.6-177.6 177.6-174.0 May. 175.5-173.8 178.0-174.0

Mey....., 176,9-172,9, 172,0-172,0;

PARIS — (FFF per tonne): March 1775-1180, Mey 1200-1205, Aug 1250-1255, Oct 1220-1256, Dec 1325-1335.

March 1375-1365.

LONDON DAILY PRICE—Raw august 5156.00 (£105.00), up \$5.00 (up £2.50) a tonne for January-Fabruary delivery White sugar 3156.00, up \$6.00.

Salea: 2.444 (2.749) lots of 50 tonnes for granulated basis sugar was £209.50 (£207.00) a tonne for suport. International Sugar Agraement—(US can'ts per pound fob and stowed Caribbean ports.) Prices for January 3: Delly price 6.05 (5.63); 18-day everage 5.47 (5.43).

The market was sharply bigher on the opening tollowing confirmation over the weekend of another rise in the Gulf/Japan rate, this time to \$14.00 Profit-taking towards the close crass most of the geins, reports Clarkson Wolff.

LIVE CATTLE 40,000 Ib. conts/8

### LCE in dispute over 'locals'

MEMBERS OF the London Commodity Exchange, which operates futures markets for sugar, coffee and cocoa, meet today to take a decision which Mr Saxon Tate the LCE chairman, has portrayed as crucial to its future: whether to admit so-called "locals," or individuals trading on their own account, to the Exchange floor.

Exchange — would help to boost liquidity on the London

their sister market in energy traditionally the most conserfutures, the International Petroleum Exchange.

In a poll of exchange members last year, insufficient trading volume was identified as the biggest single problem allowed access to all LGE and traversities. causing it to lose international IPE futures contracts, together market share. Mr Tate, who with traded options on them. was appointed more than a After the LCE's move to its year ago with a mandate to purpose-built new headquarters

improve the image and com-petitive position of the LCE, points out that increasing liquidity would also help to boost returns to the exchange's shareholders, its current mem-

so-called "locals," or individuals trading on their own account, to the Exchange floor.

Mr Tate believes locals—which are an established feature of the big US futures exchanges and of the London laternational Financial Futures Exchange—would help to boost liquidity on the London keep and a strephle proportion. keen and a sizeable proportion soft commodity markets and of of cocoa market members -

Under the complex system of

changes, but not for outside

To varying degrees, opposition has been expressed by traditionalist members of the exchange with a bias towards physical trade and from traders which derive important amounts of their income from "jobbing"

The trade members argue that their markets are per-fectly viable without locals, and fear that the advent of individual members would fun-damentally alter the character of the exchange. The other objectors fear that locals would reduce their chances of making money in own-account business. The IPE itself recently de-

by the Tower of London, clded in principle to admit scheduled for Easter, ill these contracts will be trading on the same floor. Locals would be allowed to trade for their own to trade for the work of the contract of the c allowed to trade for their own vote today. "An awful lot of account, for each other am sor the IPE business is actually the account of other authorised jobbing by floor members, so in effect IPE floor members are already acting as locals," said

Mr Tate is reasonably confi Afr Tate is reasonably confident that the locals plan will be passed today. If it is not—and such adecision was not being ruled out yesterday—then it will amount to an embarrassing setback to efforts to reform the LCE and to improve the image

of the commodity markets in the rest of the City.

Meanwhile, LCE and IPE members have approved rules to smooth the way for the introduction of traded options on coffee, cocca, sugar and gasolifutures, possibly in early May, The exchange authorities are hoping to sign up at least 20 hoping to sign up at least 20 members to trade options by the

New York white sugar

futures planned

By David Owen in Chicago NEW YORK'S Coffee, Sugar and Cocoa Exchange is planning to launch a world white sugar futures contract to complement its existing raw sugar instru-ments. This would be the second international white sugar futures vehicle, following the Paris Bourse's success with

such a contract.

The proposed contract unit, which has been submitted to the Commodity Futures Trading Commission for approval, is 50 tonnes of white beet or cane sugar The CSCE'S sugar com-plex at present comprises a world raw sugar futures con-tract (no. 11) and an option on it, as well as a domestic raw

it, as well as a domestic raw sugar futures contract (no. 14). Explaining the timing of the application, which he says has been under consideration for some time, Mr James Bowe, the CSE's senior vice president, points to the "changing nature" of the sugar market, particularly the increased proportion of exports moving in refined rather than raw form.

Despite what some in the trade describe as "a bias to US ports," the exchange is pro-

ports," the exchange is pro-visionally toxing the proposed new contract as having bona fide international appeal. "We would expect business from around the world," says hir

as a contential competent for the Paris Bourse's white sugar futures contract—notwithstanding the prospect of some mutu-ally beneficial arbitrage business and the difference in

would drive prices down — or placing it into intervention and letting it trickle out gradually at higher prices. "If the latter, then UK wheat will become time zones.

The Peris contract, very much official closing (nm): Cash 2,328-22 (2,335-40), three months 2,376-80 (2,388-90), sertlement 2,332 (2,340) Final Kerb closes: 2,338-46) Tumover, 516 manus. present, traded over 460,000 contracts in the first 10 months of last year. Plans to espitalise on the contract's success by launching a complementary option are in the pipeline.

The view in the trade appears to be that the eventual appear of a New York white sugar futures contract would lie primarily on the domestic front, however.

		Priday) (tonnes)
	Akurdniya	+5,625 to 115,80
1	Copper	+1,150 to 174,30
١	Lend	-4,525 to 33,05
1	Nickel	-504 to 6,87
1	Tie Zine	-1,245 to 37,77
	2.00	+5,325 to 22,62 (ounces)
П		
1	Silve)*	110009 to 23,079,00

# **EEC agri-money talks tomorrow**

EEC EXPERTS will meet in Brussels tomorrow to discuss the implications of yesterday's realignment of currencies in the European Monetary System for Community farmers. The 3 per cent revaluation of the D-Mark and Dutch guilder and the 2 per cent upward adjust-ment of the Belgian Franc have come at a particularly sen-sitive time with West German elections due in under two of yesterday's EMS realignment weeks and the Commission's should theoretically be neutral. price proposals for the 1987 But it is not that simple. At marketing year likely to be the meeting of the Commission unveiled at the beginning of and member state representa-

The intense negotiations over EMS parities are highly set the competitive advantage to relevant to the agricultural sector because the outcome in the Community. The most affects the level of farm prices delicate issue is likely to be in individual member states and has a significant impact on trade flows across national boundaries. Yesterday's deciposed of the pig and poultry regime, which was temporarily sussion could also increase the intense negotiations

monetary compensatory amounts (MCAs)—a series of import subsidies and export taxes levied at borders and designed to counteract the effect on Euro-pean farm trade of currency fluctuations — the consequences tives tomorrow now negative MCA levels will be fixed to off-

cost to the Community of sub-sidising farm exports in world markets, thereby putting new strains on the EEC budget.

The Commission has been formally charged in the Com-munique to "seek the agreemunique to "seek the agree-ment of the member states before proposing in certain special cases agrimonetary measures which flow from the present realignment."

Meanwhile, due to an agreement in 1994, German farmers do not have to accept an effective cut in the Ecu-denominated farm prices as a result of the new appreciation of their curnew appreciation of their currency. However, it is expected that other countries will press for green rate devaluations during the next agricultural price-fixing round, thereby providing their own farmers with effective price increases in national currencies and indirectly increasing the pressure on the Germans. This could significantly affect the tactics of member states during the forthmember states during the forth-

# Soviet buying cheers UK grain trade depressant, however, since spain has been obliged under the pact to ship in more maise than it needed in November and December. "Silos there are chock-a-block so we don't expect any interest from the Spaniards to come forward in January," said one shipper. If the EEC agrees with the US to take committed shipments in despite of the recent US decision to impose sanctions on EEC wine, spirits and foodstuffs, Spain has a choice of freeing the grain for the open market—which would drive prices down—or

REPORTS THAT the UK will rose, the UK cannot ignore the supply 500,000 tonnes each of wheat and harley out of a new The remaining Im tonnes of wheat and barley out of a new Soviet purchase of 4m tonnes of EEC grain, have breathed new life into a cereal market that was threatening collapse

towards the close of 1986. Traders are in no doubt that the Soviet orders are bullish news for the French market which is expected to supply 2m tonnes of the Soviet wheat busi-ness. France has already had to halve its intervention stocks to some 1.7m tonnes to keep other export markets fed in the wake of a 2.5m-tonne fall in its 1986 soft wheat crop to 25.5m tonnes.

Soviet wheat imports will be supplied by West Germany, which has also seen a 20 per cent decline in its grain intervention stocks so far this season. Moscow's reappearance puts a new complexion on UK export prospects which traders had expected to decline from their peak October-November levels as a direct result of the European Commission's attempts to avert a farm trade war with the US. Traders had feared record Spanish demand for UK wheat and barley would be diverted to French and third country maize which—under the terms Moscow's reappearance puts a

maize which—under the terms of a pact agreed last summer— enters the Community at a

multinational shipper, adding special discount. they'll come back to "If French prices continue to This factor remains a potent ket," said the shipper

Sri Lanka and Iran in oil and tea deal

day visit to Iran by Mr Ronnie
De Mel, Sri Lanka's Finance
Minister, during which he had
talks with the President, the
Prime Minister, the Minister of
Finance and the Foreign

Iron had similar difficulties about tee, Mr Del Mel said. Its

SRI LANKA will buy 240,000 tonnes of crude oil from Iran this year (about 4,800 barrels as fast) and Iran has agreed to take at least 13m kgs of Sri Lankan tea, returning to the 1984 level, Having halved its buy 120,000 tonnes of oil in purchases in 1985 Iran stayed away from the Colombo tea auctions until November last year.

The agreement follows a five-day visit to Iran by Mr Ronnia

Minister in what he called "the fact asked for Sri Lankan extantions bid to expand fact asked for Sri Lankan extantions perts to help increase domestic production. The real difficulty is that Iran buys more than held its tea imposts from India, a big buyer of Iranian crude.

Iran will sesist Sri Lanka in two fields, oil exploration and fisheries, while Iran bus requested Sri Lankan assistance tea and rice production. Sri Lanka is keen to sell rubber, Lanka's Finance about tes, Mr Del Mel said. Its cocount and coir products, and sunual consumption of tes is spices while Iran has offered periodiction, the Minister of was given as 55m kgs, a figure the Minister of was given as 55m kgs, a figure the Foreign about which the Srd Lankan Tea electrical goods.

competitive to Spain again so perhaps in February or March

#### LONDON MARKETS GOLD added to last week's

GOLD added to last week's advance yesterday with the London bullion market price closing \$6.75 higher at \$411 a trey some. Bealers said buying was encouraged by the strength of platinum—up \$13 at \$18.59 an ounce—following weekend unrest in South Africa. A weaker dollowing weekend unrest in South Africa. A weaker dollowing aprices also played a part, they said. On the London Metal Erchange zine prices came under further pressure from news of a sharp rise in LME warehouse stocks last week. The cash price closed at an \$-month low of £506.50 a tenne, down £23.50 from Friday. Dealers noted that producers appeared to make no attempt to support the zine market and reported trade talk of an imminent cut in European producer prices. Coffee prices also full heavily weffeeting a imminent cut in European producer prices. Coffee prices also fell heavily reflecting a weaker tone in New York. On the London futures market the March position slid to a 15-month low of £1,575 a tonne hefore closing £50,50 down on the day at £1,597,50 a tonne. Last week's reopening of Brantlian export registrations at relatively low prices has added to the existing hearish mood of the market, they said.

Life wices appelled by

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

Official clasing (am): Cash 787.5-8 (795-8.5), three months 786.5-7 (801.5-2), astilement 788 (795.5). Final Kerb.

COPPER

Cione Official closing (am): Cash 914-4.5 (315-5.5), three mouths 936-6.5 (937.5-8), settlement 914.5 (915.5). Finel Kerb close: 334-5.

Official closing (am); Cash 888-90 (887-90), three months 812-5 (813-4) settlement 800 (sama). US Producer prices 64-57.50 casts per pound. Total

Official closing (sm): Csah 511,5-2 (837-8), three months 508-6.5 (825-7) settlement 512 (636), Final Karb sloset 495-7. Turnover: 14,325 tonnes. US Prime Western: 42-44.75 cents a pound

Gold rose \$8%, an ounce from Friday's close in the London buillon marker yes tarkey to finish at \$4105-4115. The metal popend at \$4105-4115, and reded between a high of \$4105-4125, and a lost of \$405-405. Demand for gold increased following its break through the \$405 level in the Far East. A weaker dollar also beined sentiment as did as improvement in other precious metals.

GOLD AND PLATINUM COINS

Lygarool.—Spot and shipment selector the week commencing January 5 1987 smounted to 447 tennes. Moderate trading with interest in Paragayan, Chicasa, Israeli, Susalar, Turkish and West African growths.

US MARKETS

THE COLD WEATHER IN Europe prompted heavy European buying in energy futures with good trade and commission house buying in both the crude oil and heating oil futures, reports
Drexel Burnham Lumbert
Both markets remained
stendy. Though with pared gains as a result of profit-taking and long liquidation.

All the metals were strong, with commission house and local buying in all markets touching off stops and penotrating overhead resistance. Again, profit-taking and long liquidation saw prices decline from the day's highs. Early long and long liquidation saw prices decline from the day's highs. from the day's highs. Early large-scale local buying In platinum futures helped prices advance to the restit-ance area beginning \$545, basis April, but beavy long liquidation prompted a self-off before the close.

Origin selling and profittaking in coffee futures depressed prices, while uncertainty over the forthcoming ICCO meeting held cocoa

tainty over the forthcoming ICCO meeting held cocca futures in a marrow range Profit-taking and good trade selling reversed earlier gains on commission house buying in sugar futures before good support emerged at the lows. Maine futures were steady as a result of reported USSE buying and consequent firmness in cash premiums. Short-covering and fresh buying was also indicative of higher certificate values implying smaller redemptions.

NEW YORK

Prices traded higher to the nearby positions reflecting superted demand because of the European cold snap. Despite a weaker doller and a poor Chicago opened, values smaller stady, reports Mulipace. (Close - done

INDICES

Jan. 9 With ago Year age

1600.8 1600.4 1637.2 1857.2

Bow den. den. Mith Year dones 12 B ago ago

Spot 114,59 114,15 - 032,46 Fut 116,77,115,73, - 038,19

MAIN PRICE CHANGES

in toppes unless otherwise stated.

Barley Fet, Mar. 2110.85 6114.05 Malze 5145.00 5145.50 Wheat Fut. Mar. 5113.55 No. 2 Harri Wint.

SOYABEAN MEAL

REUTERS

Sales: 198 (170) Into of 30 spinnes.

Sales: 4,705 (3,737) ists of 5 tonnes. 100 indicator prices (US cents per pound) for January 8: Comp. daily 1976 121.27 (123.11); 15-day sverage 124.20 (124.43).

COCOA

Salas: 2,128 (3,578) ions of 10 tonnes. ICCO indicator prices. Daily price for Jenuary 12: 80.10 (80.18); five-day average for Jenuary 13: 80.20 (88.55) US cents a poued. Daily price 1,882.28 (1,585.39); 10-day average 1,821.70 (1,827.23) \$007 a per tones.

GRAINS

WHEAT BARLEY Testridy's 1- or Vest'rdy's 1- or ofces — ofces 112.66 +0.81 112.65 +0.81 112.65 +0.81 112.65 +0.81 112.65 +0.81 112.65 +0.81 112.65 +0.81 112.65 +0.81 112.65 +0.81 112.65 +0.81 102.65 +0.81

The extreme weather caused heavy short-covering and speculative buying shroughout the day, with the opening value on April et £169.00 and subsequent trading at £170.00. After the midday close on a firm note at the morning highs, stempoon trade continued the advance, albeit more stowly, to close highs, atternoon trade continued the advance, albeit more slowly, to close tully steady just off the high, reports Coley and Harper.

S per tonne 175.70 163.70 177.00-188.00 185.40 181.50 185.00 18 RUBBER

The cold weether caused Srent to gain 60c during a day of active trade and enthusiastic enquiry for deted angoes. February WTI opened 22c up on Nymer bet traded only 19c up at 1.30 pm 68T. In the petroleum products market gee oil prices rose sharply on demand due to cold weather in North West Europe. Naphthe followed firmer gas oil. Gesetine was quiet and stable. Fuel oil was firm in this trade—Petroleum Argus, London.

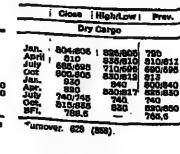
ORUDE OIL-FOS(S per barrel)-Feb. 

**GAS OIL FUTURES** 

U8 8

FREIGHT FUTURES

HEAVY FUEL OIL



#### Backing off the high-yield throttle Yestriby's + or Yest'riby's + or close - close AMID THE current gloom over the projects for farming, the only certainty is that milk quotas are to be cut again, but There is a serious question mark over these pulse crops as subaldising them costs the EEC twice as much as cereals. FARMER'S VIEWPOINT I have also wound down my By John Cherrington

ductas are to be cut again, but beef, already a poor sector, could well get a great deal worse. So far we have not heard much about this year's cereal arrangements but it looks as though there could well be a fall in price of at least 10 per cent probably spread across the arable sector. In addition there is the threat of a suspension of intervention This could be very serious. Except for cereals, where a few

farmers actually use it them-selves, intervention—that is, selling at guaranteed prices into official warehouses—is generally used by the trade and manufacturing interests. Under

Faced with this scenario it is surprising that I have heard of few farmers giving up or throttling down the productive processes of their farms. There s plenty of talk of looking for alternative crops and land uses but almost all of them are blind alleys offering little scope for expansion. Yet it is still to

tonnes at the end of the current of pigs. Neither is particularly cereal acreage. One hears a profitable but they can always about 2m acres, one-fifth of the cereal acreage. One hers a of emergency. It has also been lot about "deintensification"— worth my while to maintain the that is restricting use of familiar of the company of the cereal screege. One hears a about 2m acres, one-fifth of the cereal screege. One hers a lot about "deintensification"—that is, restricting use of fertilisers and chemical sprays so that output drops to match total requirements. But farm. into official warehouses—is Yields can vary seasonally by generally used by the trade and manufacturing interests. Under the present rules, much tightened up last year, intervention is generally the buyer only when all else fails. Any with that sim.

only when all else fails. Any only when all else fails. Any commodity market trying to survive without intervention support of some kind would be dragged down to the level of the weakest sellers.

With the late probably 50 per cent or like probably 50 per cent or like probably 50 per cent or like probably 50 per cent or survive without intervention support of some kind would be costs—interest and rent for a proportion of my land—is low and the rest is bought and for. A few years ago I a proportion of my land — is wheat and barley carned a low and the rest is bought and paid for. A few years ago I resisted the offer of the farm-land next door, otherwise I not receive any EEC support

good farming that the average farmer is looking.

Let us just look at cereals of which there will be a sur plus of anything up to 5m diock of sheep and a small herd

fertility of the farm by the use of lime and phosphate, the longer lasting fertilisers. so that output drops to match total requirements. But farming does not work like that. Yields can vary seasonally by 20 per cent either way. We have found that the best policy has been to farm as well as we can, while keeping our costs to the minimum compatible with that aim.

Like probably 50 per cent of Like probably 50 per cent of costs — interest and rent for a proportion of my land — is longer lasting fertilisers.

I am still growing the same proportions of wheat and bar-proportions of wheat and bar

land next door, otherwise I would have been carrying an annoying burden of debt. I had borrowed plenty, in the past, but that was when long-term interest rates were 4 or 5 per cent, less than half today's level.

At the same time I have maintained the efficiency of my machinery and buildings for grain storage, and have a good flock of sheep and a small herd in the receive any EEC support produce can be sold at a profit. Fortunate are those so situated. Having always farmed the efficiency of the planting figures abroad, I adopted a simple ideals of husbandry. Instead of following the counsels of perfection I decided to plant them this time. I am also putting in decided instead to find out how few of the rules of good farmed in I have maintain my returns at alightly grain storage, and have a good floor seriously affect the next crop flock of sheep and a small herd

I have also wound down my farming to the extent that I do not try to plant as much as I can in the autumn. This had led to attempting too many short cuts in cultivation, and consequent intestation by weeds of different kinds. These could be controlled to some extent but it was expensive in sprays and the results were not always successful.

In addition I have given up what might be called the blue-print approach to sprays and fertiliser.

Instead of sending out the apprayer according to the date and the instruction book, the field is walked first, the need assessed and the value of the exercise decided, it may lead to slightly weedler fields, but on balance more profitable ones.

This is in no sense a guide for every farmer because every farm is different five lend is for every farmer because every farm is different. My land is poor and does not lend itself to intensive farming of vegetables and sugar beet. Such land will repay intensification if the produce can be sold at a profit. Fortunate are those so atmated.

\*\*day A., 101, 177 13 h.

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COLOR MANAGEMENT

7. 6.

CHICAGO

### Dollar falls after EMS change

ATTENTION SWITCHED back to the US dollar after the weekend realignment of EMS currencies. Renewed bearish sentiment pushed the dollar below the important DM 190 level against the D-Mark despite support by the Bank of Japan and the West German Bundesbank. Trading conditions became was suited hat another assault on the DM 1.90 level was likely but during the marming the treat lacked sufficient imports to overcome central bank intervention. The Bundesbank was active buying dollars in the open market because the relatively modest. This discouraged seliars for a while but afternoon trading saw without form the properties of the time being the West German authorities were anxious to keep and its lowest lavel since when the dollar was fixed at DM 1.9189 on Priday and its lowest lavel since November 1980. An early low of November 1980 an early low of November 1980 an early low of November 1980 an early low of November 1980. was likely but during the marning the trend lacked sufficient impetus to overcome central bank intervention. The Bundeshank was active buying dollars in the open market and at the fixing in Frankfurt.

This discouraged seliers for a while but afternoon trading saw renewed liquidation of dollar postitions and in the absence of any further central bank activity, the dollar fell to a low of DM 1,8805 its worst. Closing level since November 1980. Against the yen it fell to Y156.70 from Y158.10 and SFr 1,5805 compared with SFr 1,6045. It was also weaker against the French frame at FFr 6,2875 from FFF 6,2875, its worst. level since June 1982. On Bank of England figures, the dollar's exchange rate index fall from 107.9 to 106.9.

Early trading in Europe suggested that the D.Mark's strength could cause the market and the Mark and Dutch guilder and a 2 per cent rise in the market and the market because the relatively modest. Exchange rate index 146.4 against because the relatively modest. Exchange rate index 146.4 against because the relatively modest. Exchange rate index 146.4 against because the relatively modest. Exchange rate index 146.4 against because the relatively modest. Exchange rate index 146.4 against because the relatively modest. Exchange rate index 146.4 against because the relatively modest. Exchange rate index 146.4 against the D.Mark's strength could cause the P.Mark's strength could cause the P.Mark's strength could cause the D.Mark's strength could cause the D.Mark's

the implications of a 3 per cent rise in the D-Mark and Dutch guilder and a 2 per cent rise in the Belgian and Luxembourg franca. There was surprise that the Danish krone was not devalued, since it was already one of the weakest members before the re-alignment. In Paris the D-Mark was quoted at FFr 33175 in early trading compared with an upper limit of FFr 34305. On Friday it closed at FFr

1,4770-2,4780 0,62-0,61 pm 1,76-1,74 pm 6,40-6,30 pm

STERLING INDEX Jan. 12 Previous ATT TO THE PARTY OF THE PARTY O 68.9 68.8 68.8 68.8 68.8 68.8 68.8

**CURRENCY RATES** Sheak rabit 1% 0.7330EL 1.05649 1.45740 14.5679 42.9365 7.85106 2.05656 2.33430 6.86933 170.845 7.94449 141.670 7.29535 1.72567 1.72567 1.765676

**CURRENCY MOVEMENTS** 

Starting
U.S. Dollar
Canadian Dollar
Austriac Schilling
Bedgian Franc
Danish Krow
Denische Mark
Swiss Franc
Gollder -25.0 +0.5 -12.1 +10.1 -4.5 +3.4 +21.7 +21.8 +14.5 -12.7 -16.2 +55.0 åolider ...... Franck Franc .....

OTHER CURRENCIES

Jan. 12 E

42.9383 7.85106 2.06859 2.33430 0.765998 7.464.23 \* clunge adjusted for divergence +1.11 -0.03 +0.47 -0.53 +0.62 -0.35 -1.30 Divergence liquit % +113 -0.01 +0.49 -0.51 +0.64 -0.33 -1.30

POUND SPOT-FORWARD AGAINST THE POUND

1.77-1.72 pm 1.43-1.25 pm 49-34, pm 33-35 pm 33-14, pm 33-14, pm 33-329 dis 87-123 dis 87-124 pm 33-24 pm 33-24 pm 4-32 pm 4-32 pm 4-44 pm 213.63-217.69 192.35-194.61 1994-20023 10.94-10.884 9.37-9.424 9.95-10.004 253-23-04 19.88-19.97 2.354-2.364

DOLLAR SPOT-FORWARD AGAINST THE DOLLAR Spele toty Nervity Project Speles Apperie Switzerie Switzerie Switzerieni ...

**EURO-CURRENCY INTEREST RATES** Sterling
U.S. Dotler
Gas. Dotler
Ste. Franc
Descriptor
Fr. Franc
Ballan Unit
8. Fr. (Gos.)
9. Kr. (Fr.)
0. Krone
Adian S (Sing.) 11-11) 64-64 8-64 6-64 21-23 41-44 9-12 9-12 8-63 4-44 11-113 22-25 13.124 6.4-6.3 50.58 34.34 45.44 83.85 104.115 75.73 75.73 44.44 104.114 37.35 18%-112 6-64 78-82 53-53 313-38 45-44 83-65 105-114 72-76 72-76 44-42 104-114 34-32 1012-10% 6-64 712-8-6 5-8-5-14 34-3-4 48-4-3-1 103-10% 72-7-5 72-8 44-4-8 102-11 32-3-6 1012-109 6-64 8-64 52-55 312-318 64-44 84-89 104-109 74-78 74-8 104-109 35-34

EXCHANGE CROSS RATES Jan. 12 E S DM YEN P.Fr. S.Fr. H.FL Line C.S. B.Fr. 1 1.492 2.820 233.8 9.378 2.338 3.183 1995 2.099 58.70 0.670 1 1.991 156.7 6.287 1.981 2.134 1338 1.367 99.36 OM 0.955 0.529 1 82.89 3.325 0.856 1.129 707.4 0.725 20.82 YEN 4.278 6.381 12.06 1000. 40.12 10.09 13.61 8535. 8.723 251.1 F Pr. 1.066 1.591 3.007 249.3 10. 2.51.4 3.394 2127. 2.174 62.60 8 Pr. 0.424 0.633 1.196 99.15 3.978 1. 1.350 846.2 0.865 24.90 0.314 0.469 0.886 73.45 2.947 0.741 1 626.9 0.501 0.748 1.414 117.2 4.701 1.182 1.595 1.000 C \$ 0.490 0.731 1.383 114.6 4.599 1.156 1.561 978.4 8 Fr. 1.704 2.541 4.804 398.2 15.98 4.016 5.422 3399.

Yen per 1,000: French Fr per 10: Livs per 1,000: Belgius Fr ser 100.

FINANCIAL FUTURES

### Gilts and bonds depressed

Pres-Lant Feb. Mar. 9.00 0.00 0.00 0.01 0.01 0.01 0.41 1.09 2.59 3.57 6.25 7.60 11.79 12.38

LONDON

Close 1098 Law 115-05 115-05 115-05 115-13 115-05 115-05 115-13 116-05 116-06 Winne 17,685 (25,574)

| Close High Live | Name | 99.35 | 99.42 | 99.35 | 99.45 | 99.35 | 99.46 | 99.46 | 99.46 | 99.46 | 99.46 | 99.46 | 99.46 | 99.47 | 99.47 | 99.48 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.32 | 99.

| Close High Low Pres. | 177.50 174.10 177.20 177.20 177.20 177.20 177.20 177.20 177.20 180.20 | Estimated volume 663 (820) | President

Spot 1-mth. 3-mth. 6-mth. 12-mth. 1,8905 1,8837 1,8731 1,8575 1,8285

Latest 45gh Law Prev 14785 14785 14700 14640 14610 14615 14540 14470 14480 14480 14400 14315

Prairie Franc Franc Franc Franc Franc Local Franc Fran

\_\_ C.F.A. Franc

9,3775 468,88 9,38 1,54,00

468.88 N/A 2.8200 2.8200

**CURRENCY FUTURES** 

AM -STEPLING So per £

POURD-4 (PRIZEICH EXCHANGE)

LIFFE-STERLING \$25,000 \$ per £

TRADING WAS fairly dull on the low against the D-Mark. After London International Financial touching a peak of 115-30 gilt futures. Frumes Exchange yesterday. Long finished at the day's low of 115-05, term gilt futures for March delivery opened firmer at 115-26, supported but dealers commented that the higher at 101-12, boosed by a strong opened firmer at 115-26, supported by sterling's improvement against since the pound remained firm close in Chicago on Friday, but lost to serious, leave the dollar and the year. Friday from the dollar and the year found as the weak dollar and the year found as the weak dollar and the year found as the weak dollar and the year. Friday from the optimism that interest rates will be cut later in the year.

March US Treasury bonds opened the ground as the weak dollar and the year. Friday in the dollar and the year. Friday found in the year.

March US Treasury bonds opened the ground as the year at 101-12, boosed by a strong close in Chicago on Friday, but lost ground as the weak dollar and higher gold and oil prices depressed the market. Bonds received some support from the optimism that interest rates will be cut later in the year.

March US Treasury bonds opened the interest rates will be cut later in the year.

March US Treasury bonds opened the year. Friday in the titler in the year.

March US Treasury bonds opened the year. Friday in the dollar at 101-20, boosed by a strong close in Chicago on Friday, but lost in the year.

March US Treasury bonds opened the year. Friday in the titler in the year.

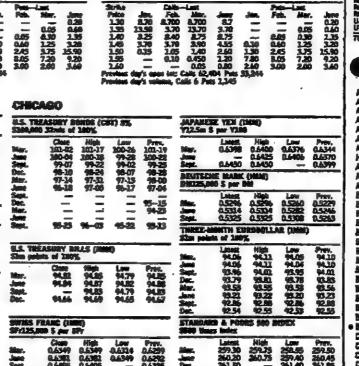
March US Treasury bonds opened the year. Friday in the day's low at lost opened the year.

March US Treasury bonds opened the year.

March US Treasury

142 014 027 049 117 142 257 452 525 0.00 0.01 0.05 0.15 0.42 1.00 2.01 46, Pate Mar. 0.00 0.01 0.18 1.09 3.573 7.40 12.36 8.00 0.00 0.00 0.10 1.36 6.21 11.21

| Strike | Cabb-Last | Pelos | Jan | Pres- Late Feb. Mar. - 0.05 0.85 0.36 0.40 1.25 2.65 3.75 8.05 7.20 3.00 2.00 3.20 1.55 3.20 15.90 9.20 3.40



\$320 \$380 \$400 \$400 \$400 \$370 \$370 \$380 \$400 \$400 \$420 June 87 \$550 25 35 20 35 -- - -Jan 57 Feb 57 Mar 57 FL214.20 July 87 Apr 87
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396 2.50
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1 F1140.80 FL85-86 FL367 FL39.50 71,79 PLZII

**EUROPEAN OPTIONS EXCHANGE** 

TOTAL VOLUME IN CONTRACTS: For 12/187 67,781 A-Auk B-846 C-Call P=Put BASE LENDING RATES Asian & Company
Alled Arah St. Ltd.
Alled Desher & Co.
Alled Insh Bank Cistant NA
Cititant Saving
City Merchants Bank
Ciydentale Bank
Count. St. M. East Mex Cresit Corp. L. Mex Six of Kreesit. American Esp. Blc. PK Figurs, Intl (UK)..... Proriocial Trust Ltd..... R. Raptuel & Sous...... Departe Laurile E.T. Tries!

Equator'l Tst C'p pic

Excise Triest Ltd. Bank of Dypres Sank of Ireland Bank of India Barrie of Scotthern . HFC Trust & Savings o Members of the Accepting House Commisse. "7-day deposits 6.69%. 1-month 7.03%. Top Ties—22,500+ at 3 months footo: 10.009%. At call when £30,000+ remains deposited, † Dall deposits 51,000 and over 6.4% sour. § Mortgage bate rate. § Densed deposit. 6.69%, Mortgage 124,7%. 

CURREDICY

VALUE OF E STERLING

1.4915

(A) 3.20 (A) 15.21 (cg)

0.5083 668.99

105,79

Western Samoa ....... Tala

## **£**WORLD VALUE OF THE POUND

The table below gives the lutest available rate of exchange for the pound against various currencies on January 12, 1987. In some cases rate is nominal. Blartost rates are the governor of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, so direct quotation available; (F) tree rate; (P) hased on U.S. dallar purities and going sterling-dallar rate; (T) invarial rate; (Bu) languag rate; (Bu) business rate; (cm) communical rate; (ch) convertible rate; (fu) financial rate; (ccf) exchange certificate rate; (se) non consequent rate; (se) principle rate; (se) political rate.

4	Afghanistan	Adplace	99,20	Ghane	Cod	22370	Parama	Balbac	1.4915
	ADenic	Lek	20.78	Gibraltar	Sibraltar £	1.0 203.18	Papus Rew Galega	Kina	2.4094
-1	Algeria	Steer French Franc	6.86 9.38	Greedard	Drachma Danish Kross	203.18 10.72	Paragray	Guarant	(NA) (1000.02
-1	Andorre	LScanish Pageta	193.63	Cresco	E. Caribbeau S	4.00			(1000JUZ (excloXN/A)
1	Angola	Cuanza	44.1745	Guadalnung	Local Frant	9.3800	Perti	treil	29.740
-1	A4194	E. Caribban S	4.00	Guara	U.S. S	1.4915	Philipplats	Philippine Page	29.62
_	Argentina	Austral	1.8878	Santernale	Control	\$1.4915	Pitchira Islands	E Sterfing	-
-1	Anthe	Florin	2.6847	1		(F) 3.8734	Labrimum channels effectived	New Zealand S	2.7538
ı	Australia	Australian \$	2.2230	Cuines	Franc	503.88	POMETO	Zioty	289.73
-1	Applie	Sch@ling	19.95	Guinea-Bistan	Peso	252.65	Portugal	Escudo	217. <b>25</b>
.1	ADD 155	Portuguette Bazado	217.25	Cupton	Geryamene \$	5.92	Puerto Rico	U.S. 5	1.4915
-1	Reference	Shaharan S	1.4915	Halli	Gourde	7.A575	Reunion Isle de la	Getari Ryel French Frence	5.4035 9.3800
-1	Baltain	Dieser	0.5595	Hondoras	Lonepten H.K. S	≥9740			f (cm) 6.25
П	Salearic Islands	Spanish Passia	193.63	Hong Kong	Forist	11.5450 67.2287	Romania	Leu	(IN/C) 15.38
	Bangladeth	Taku	44.73				Remode	Remode Franc	123.81
Ц	Bartadet	Barbados \$	2.9999	lorised	Icelandic Krona	40.06	St. Christopher	E. Carlbbean S	4.00
-1	Selalum	Belgion Franc	[fcm) 58,70	India	locian Rapeli Romiah	19.17 2420.680	St. Helena	St. Helesa £	1.0
-			(m) 59.60	[/30]	Pini	110.95	St Lucia	E. Caribbean S	4.00
ei	Belie	B S C.F.A. Franc	2950 468.88	lran	Irani Disar	0.4591	St. Plerre	Local Franc	9.3800
7	Bernsein	Bernadan S	1.4915	Irish Republic	Pust	1.0454	St. Vincent	E. Caribbeau \$	4.00
-	Blacks	Naultrum	19.17	Israel	Shekel	2.20	Samoa American	U.S. S	1.4915
-1	Bolista	Bollvian Pess	(a)2,833,984.0	Italy	Ura	1995.0	San Marino	Italian Link	1995.0
-1	Salsward	Pula	2.6200	lypry Coast	G.F.A. Franc	468.88	Saud Arabia	Dobra Sauti Ryal	54.67 5.5698
-	Brazil	Crazado	22_3995 (14)	Jamaica	Jamakan Dollar	8.4774	Senegal	C.F.A. France	468.88
	British Virgin Islands	U.S. 5	1.4915	Japan	Yen	233.75	Seychelles	S. Runse	8.57
ā	Bruttel	Brenel S	3.2105	Jorden	Jordanian Diagr	0.5070	Sierra Leone	Leone	(6) 45.00
.	Buigarta	C.F.A. France	1,2967	Kameuchea	Riel	N/A	Singapore	Singapore \$	3.2123
ě		West.	10.1192	Kenye	Keepa Station	23,45	Solomon Islands	Soloman Is. S	2.9076
1	Bernell	Second Fator:	182.50	Kiribati	Australian 5	2.2230	Somali Republic	Somali Shilling	164.07
				Kores (North)	Won	1.4020	South Africa	Rand	(Cm)3.1320 (Fe) 6.6615
-	Committee	C.F.A. Franc	466.BB	Nores (South)	Won Schwitt Dinne	1270.950 0.42670	Speig	Peach.	293.67
-	Caracia	Canadian S	2.0390	Kywgit	Withing Daile.	U-420/U	Spanish ports in		E 12-07
_	Canary Islamis	Spanish Pereta Cape V. Escuito	193.63 133.15	Less	New Kip	52.203	North Africa	Peneta.	293.63
١	Cayman Islands	Cayman Isles, S	1,2454	Lebagon	Lebanese &	123,7470	Sri Lanks	S.L. Rupter	42.00
3	Cent. Air. Republic	C.F.A. Franc	468.88	Lesetto	Maleti	3.1320 1.4915	Sucias Republic	Sudan £	3.7288
6	Ched	G.F.A. Franc	468.88	Liberta	Liberian S Libyan Dixar	DA646	Surinam	S. Guilder Litaggeni	2.6623 3.1320
ŧ	Chile	Chilean Pesa	300.25	Lischtagtein	Swiss Franc	2.3575	Sweden	Swedish Krush	9.9825
리	Calif.	Renniabl Yami	5.5257	Lecendon		58.70	Switzerland	Swiss Franc	2.35756
_1	Colombia	Col. Page	335.20 468.88						CAP (T) 9.D
1	Congo (Brazzaville)	C.F.A. Franc	468.88	Maceo	Pataca	11.9931 217.25	Syria	Syrina £	L(cm) 5.8541
9	Costs Rica	Colos	57.24	Malageer Republic	Portuguese Excudo M.G. Franc	1031.40	Talwest	More Tohates S	52.35
7	Catal	Cides Pein	1.1801	Malayri ,	Kunch	2.8275	Taggerill	Tar. Shilling	76.50
1	Cypros	Cyprus £	0.7450	Maleysia	Ripgolt.	3.8531	Theiland	Saht:	38.25
			(Corn) 8.20	Maldive Islands	Raffyra	10.4405	Togo Republic	C.F.A. Franc	468.88
1	Cascinglavida	Karpen.	at 14.28	Mail Republic	G.F.A. Franc	468.88	Trinidad & Tobaso	Palanga Trigidad & Tob. S	2-2230 5.3694
1			im 13.91	Malta	Maitese & Local Franc	0.54 9.3800	Tunkia	Tunislan Dinar	1.2377 (sg)
1	Desert	Davish Kryser	30.72	Martinique	Cuguiya	11(LRS	Turkey	Tarkish Live	1113.41
1	District Republic of	Ojbour Franc	257.0	Mauritius		19,125	Turks & Calcos Istanda	U.S. S	1.4915
-1	Dominica	E. Caribbean S Duminicae Penn	4.00 4.5201 (7)	Merico	•	(F) 1401.50	Tuvalu	Australian \$	2.2230
1	ے عملہ عاصدہ	Secretarion Contra	WORK ATT			l(c) 1376.93	Uganda	Coanda Shillion	1927.90
- [	Frankr	Sacre	<i>{(</i> ⇔) <i>Z</i> 1,7,8 <b>8</b>	Miquelos	Local Franc	9.3800	United States	U.S. \$	1.4915
			LCF) N/A		French Franc	9.3800	Druguey	Urupusy Pese	263.945
1	Egyt	Earption S	[LOHI		Tagrik	5.0047 4.00	United Arab Emirates .	U.A.E. Diction	5.4555
- (			12.00	Montservit		12.65 (sg)	USSR	Rouble	0.9815
1	El Sabello	Color C.F.A. Franc	7.5897 468.88	Morocco	Metical	(A) 58.57	Vangin	Vatu	166.95
1	Equatorial Guinan	Ethiopian Birr	3.0450	Hemitis		3.1320	Vetican	kallan Ura	1995.0
1		-		Naura Islands		2,2230			(4) 6.41
ł	Fathiant Islands	Folkland Isles E. Dunish Kroner	1.0 10.72		Netalese Rapet	31.71	Venezuela	Bolker	(5) 11.19 (6) 34.41
1		Fili S			Gullder	3.1825	Vietnam	Dong	
-	Fiji Islands	edi 9	1.6782	Netherland Autilies		2,6847	Whele Islands II is	U.S. C	(a) 11856

C.F.A. Franc Maira Norwegian Króne

0.5715

#### MONEY MARKETS

### Hopes of rate cuts

next few days. He indicated that the German authorities had given

HOPES INCREASED of cuts in European interest rates yesterday, after the weekend realignment of the European Monetary System. Sterling's improvement against the dollar also encouraged an easing of London rates.

Three-mouth sterling interbank feel to 114-1012 per cent from 114-112 per cent.

The Bank of England forecast a money market shortage of £550m, and provided total help of £534m. Before lunch the authorities in money market shortage of £550m, and provided total help of £534m. Before lunch the authorities hought £120m bills outright, by way of £25m bank bills in band 1 at 1074 per cent; £2m bank bills in band 2 at 1074 per cent; £2m bank bills in band 3 at 1074 per cent; £1m local

UK clearing bank base lending rate 11 per cent

Since October 15

The Cuts

The fining rate are the aribovated mean, remove man, remove man, remove market mean, provided total by the enthal bank will drain liquidity from the band 3 at 1074 per cent; £1m local

UK clearing bank base lending rate 11 per cent

Since October 15

The fining rate 12 per cent

Since October 15

The fining rate are the aribovate mean, remove of the fining rate mean, the source mean, remove of the fining rate mean, the source mean, remove mean, remove of the fining rate in the reforecent mean, remove true decidence in the collection of the fining rate in the collection of £345m.

In Frankfurt the west German mundes of £345m.

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In Frankfurt the west German man mundes of £345m.

In Frankfurt the west German man mundes of £345m.

In Frankfurt the west German man mundes of £345m.

In Frank authority bills in band 4 at 10 per cent; and £81m bank bills in band 4 at 10 per cent; like German authorities had given this impression at the weekend EMS meeting in Brussels. The Bank of Fance injected liquidity into the domestic money market through one- and two-day bills outright, through £85m bank bills in band 2 at 10 per cent; flam bank bills in band 2 at 10 per cent; flam bank bills in band 2 at 10 per cent. Call money eased to 9 by per cent. Late assistance of around £120m was also provided.

Bills maturing in official hands, repayment of late assistance and a repayment of late assistance and a repayment of late assistance and a relation of the flam bank bills defined drop in money market aske-up of Treasmy bills drained £247m, with bank balances below target absorbing £125m. These outweighed Exchequer fransactions

Financial Times Tuesday January 13 1987 | 100 | 127 | 185 feek | Copy | 128 | 182 | 182 | 182 | 183 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 | 184 REGIONAL & IRISH STOCKS REGIONAL & IRISH STOCKS
The following is a selection of Regional and Irish stocks, the latter belog quoted in Irish corresty

Afamy ins 20p 62 ... Fig. 1394, 97/02 ... \$1892, 1-12, 61892, "Recent Issues" and "Rights" Page 34 (International Edition Page 38)

es Tuevday Januana

#### Account Dealing Dates Option \*First Declara- Last Account Dealings tions Dealings Day

Jan 8 Jan 9 Jan 19 Jan 12 Jan 22 Jan 23 Feb 2 Jan 26 Feb 5 Feb 6 Feb 16 " New time dealings may take place from 9.00 am two business days earlier.

Fears of substantial claims aris-

ing from the sudden arctle condi-tions in the UK induced nervous

selling of Composite Insurances. Closing levels were above the lowest of the day, but General Acci-

dent still sustained a fall of 12 at

853p and Royals ended the same

amount cheaper at 869p. Sun Afflance relinquished 10 at 692p and GRE dipped 7 at 825p. while Commercial Union softened 5 at 290p. Elsewhere, West German

concern Allianz were a prominent casualty at £721, down 47 points, on

Hill Samuel were once again well

e market influen

to the fore among merchant banks, jumping 1? to 480p on takeover hopes; last week, Australasian groups NZI and FAI-Insurances

acquired stakes of 4.5 and 7.4 respectively in HS. Schröders gained 15 at 775p in a thin market.

Union featured Discount Houses

with a leap of 35 to 743p following buying ahead of the preliminary results scheduled for February 4. Fund-raising fears clipped 9 more from Midland, at 594p, among quie-

The Gunness situation continued to dominate the Brewery sector and the leaders, drifted off

in the absence of buyers. Bass set-tled a few pence cheaper at 773p, as did Scottish and Newcastle, at

207p. Allied-Lyons were a shade off at 345p. Greenall Whitely gained

51/2 to 2151/ap following Press com-ment, while Buckleys firmed 3 to

166p as first Whitbread and then Bestwood increased their holdings

in the company to 18 per cent and

Recently buoyant leading Buil-

dings took a breather and prices closed with small irregular move-

ments. Blue Circle, particularly good of late on Adelaide Steam-

ship stake speculation, closed unchanged at 725p, after 720p, but

RMC continued to attract support

and in a market short of stock

moved up 8 to 717p, while Tarmac firmed 6 to 460p. Redland eased 34s to 447p in the absence of further buying interest, but Costain edged up 3 more to 546p and

George Wimpey hardened 3 to 203p. Elsewhere, Phoenix Timber

gained 18 to 116p in response to Press comment, while speculative

buying prompted a gain of 4 to 79p in Hewden Stuart. Stanley Miller

put on 5 to 43p. Newsletter com-ment stimulated Tay Homes which

acquisition news. Anglia Secured Iemes gained 7 to 323p.

Recent favourite ICI continued

to move forward and closed 4½ higher at 1167p, after 1170p. Elsewhere in the Chemical sector, Coalite added 10 to 301p and Allied Colleids firmed 6 to 246p.

Newsletter comment encouraged

fresh support for British Benzol which closed 4 dearer at 72p.

James Halstead 10 to 179p.

ter clearing banks.

The UK securities markets continued to show confindence in the outlook for the British economy in 1987, although the equity sector began to show signs of tiredness after the dramatic advance of the past fortnight. Helped by the steady performance by sterling as the Euro pean currencies were realigned, Government bonds stayed firm.

Share prices made a good start, on the back of Friday evenings upswing into the new trading account But support soon flagged. and scattered losses were showing across the range until the arrival of a few US buyers at mid-session turned the multinational stocks higher math.

The FT-SE 100 index, eight points up at first, and then down L8 ended with a net gain of 3.3 to 1755.6, liberary index added 2.0 to

Traders were neither surprised nor discouraged to see the stock market pausing for breath. The past week has brought a gain of 45 per cent in the FT-SE 100 index, featuring spectacular gains in Glaxo, Imperial Chemical and other major

blue chips.
While no new factors entered the market's calculations yesterday, major investors remain optimistic over UK interest rates and Budget

orospects.
Oil stocks were the first sector to beneft from US support, as the sudlen onset of severe winter weather throughout Europe pushed crude prices ahead. But final gains in the oil majors were small, Britoil shedding much of its early gains despite heavy turnover of 8.4m shares. Similar patterns were traced by British Petroleum (3 Im shares) and by Shell

Imperial Chemical Industries con-tinued to attract US buyers, but domestic interest was damped down by bearish comment in the London press—one source suggested selling the shares ahead of the quarterly trading report. UK funds preferred to buy Fisons, leaving the US houses to concentrate on Glam and Saatchi & Saatchi. Sony, the Japanese elec-tronics retailer, held steady despite reports that a major US house was taking a brearish stance.

fell sharply as the market pondered the decision to "step aside " of the chairman and chief executive—but resignation of the finance director. Government bonds started well, and the authorities took the opportunity to sell more of the 1994 tap stock issued last week. This checked the market's advance, and prices then drifted back in sluggish

trade, to close with net gains of ¼ or With the pound firm, and little UK Government financing needed before the April financial year-end, the outlook for Gilts remains good, cording to City analysts.

### Equity sector closes firmly but less buoyant while

Gilt-edged gains are trimmed

proposed one-for-three scrip-issue. Week-end press comment induced support for Dinkie Heel which gained \$14 to 37p and for

tively were seen in Bullers, 57p, and Sharns Ware, 53p. Hunter

jumped 30 to 360p as parent group

Hillsdown increased their stake in the company and Parker Knoll "A" rose 45 to 499p and Redfearn Glass

31½ to 365p on revived specula-tive support. Counter bid hopes belped Barrow Hepburn rise 3 at

64p and Alumase firmed 9 to 210p following an investment recom-

mendation. Centreway Industries

advanced 8½ at 41½p, while firm base metal prices left Johnson Matthey 7 to the good at 235p and

Ciartur Consolidated 12 higher at

305p. Unconfirmed reports that Hanson Trust had reduced its

stake in Bowater to just below 5 per cent left the latter 8 off at 355p. Among the leaders, US

3SSp. Among the leaders, US buying lifted Bank 13 to 566p and Fisons were again wanted at 593p,

LONDON TRADED OPTIONS

Jan. Apr. July Jan. Apr. July

214 14 ?

210 167 130 95 185 137 102 65

56 40 22

Feb Nay Ang Feb thay Ang 127 132 — 1 2 — 87 92 105 102 3 6 52 60 72 4 9 15 17 31 45 22 32 35

82 72 7 53 15 25 25 40 52

11<sub>2</sub> 3 5 6 12 17

50 32 19

30 % 32 % 17 23

170 122 75 35 122

167 117 67 17 182 135 90 54

1000 170 1050 120 1100 70 1150 27

Land Securities (\*346)

EAT Ints (~492)

FINANCIAL TIMES STOCK INDICES										
	Jan.	Jim,	Jan.	Jan	مط	Year	1986/87	Since Co	mpilatios	
	12,	9	8	7	6	190	High Low	High	Low	
Government Secs	85.23	85.31	85.23	84.57	84.49	80.95	94.51 60.39 (1846b) (201.86)	127 4	49.38 (301/75)	
Fland Laterest	91,47	91.43	91_29	90,74	90.83	87.42	97.68 86.55 (85.86) (230.86)	105.4	90.53 (30/75)	
Ordinary 🛡	1,389.4	1,386.4	1,372.5	1,353.0	1,334.3	1,108.8	1,425.9   1,094.3 (34986)   (343.86)	1,425.9	49,4	
Gold Mines	337.5	324.9	319.6	316.3	315.6	300.2	357.8 185.7 (22966) (187.84)	734.7	43.5	
Ord. Div. Yield	4.13	4.14	4.17	4.22	4.29	4.46		CTIVITY		
Earnings Yid. %(fett)	9.76	9.78	9.28	9.99	10.16	30.94	Indices	Jan. 9	Jac. B	
P/E Ratio (net) (*)	12.58	12.54	1243	12,29	12.08	11.35	Gdt Edged Bargains	1521	163.9	
SEAO Bargains (5 pm)	42,778	47,658	46,181	35,831	34,339		Equity Bargaios	421.9	327.D	
Equity Turnover (Cm)	-	2,080.36	1,338,87	1,155.04	1,326.57	375,47	S-Day Average	4204.5	2706.2	
Equity Bargams		65,117	50,475	48,494	45,467	22.589	Gilt Edged Bargains	144.7	132.3 289.9	
Shares Traded (mil)		650.3	715.5	479.2	484.4	202.1	Equity Bargains	325.1 2732.0	289.9 2020.7	
© Opening 10 a.m. 11 a.m. Noon 1 p.m. 2 p.m. 3 p.m. 4 p.m. 1392.0 1390.4 1385.2 1384.2 1385.5 1390.2 1392.2 1391.6										
Day's High 139	2.2. D	ay's Low	1384.2		_					
Basis 100 Gost.				L Ordinary	1/7/35, Ga	id Mines 1	2955, SE Action 197	4 -MF=12.1	2.	

cuts and lower interest rates induced renewed support of leadinduced renewed support of leading retailers. Dixons reflected weekend Press comment and buying ahead of tomorrow's interim figures—dealers anticipate first-half profits of around \$41m-£42m—and closed a further penny higher at 349p, after 357p. Marks and Spencer, a strong market towards the end of last week following the announcement that following the announcement that it had been granted a licence to take deposits by the Bank of Eng-land, closed unaltered at 196p, after 199p. Laura Ashley added 5 at 167p and Next closed the same amount dearer at 244p. Excellent half-years figures from Ratners had already been well discounted and the shares drifted a couple of pence off at 271p. Elsewhere, 8. Casket featured with a leap of 14 to 97p following a squeeze of bear positions. Mrs Field rose 12 to 155p in response to Press com-

**BICC** wanted

310p, up 11.

gained 6 to 256p. Baggeridge Brick picked up 15 to 515p in a restricted market and Wetters Brothers added 3 to 168p, the latter pending the outcome of bid discussions. Still reflecting recent acquisition perss. Anglia Secured. BICC, recently the subject of a Barclays de Zoete Bevan recom-mendation, took a further stride forward, rising 11 afresh to 300p in forward, rising 11 afresh to 300p in response to press comment. GEC moved up 2 at 193p, while STC reflected revived takeover hopes with a fresh gain of 5 at 193p. Elsewhere in Electricals, computer stocks showed up well. Acora rose 7 to 57p as did Apricot, to 61p, while Personal gained 10 at 145p. Press-inspired improvements of 13 and 15 respectively were recorded in First Security, 215p, and Miller-ware, 34p, while AB Electronics rose 19 to 359p and Sixtrom jumped

Engineering improvements were numerous and included Baker Perkins, up 12 at 335p following news induced support for Dinkie Reel of the merger talks with APV, 6 which gained 9½ to 37p and for harder at 596p. A tipsheel recommendation touched off demand for Armour Trust, 4 dearer at 48p, mendation touched off demand for Ashley Industrial Trust revived Rampson Industries. 642 higher at with an improvement of 7 at 44p. 63p, while B. Elliott spurred 8 to while gains of 7 and 10 respec-80p helped by stock shortage. Cam-fard returned to favour and picked up 6 at 108p, while buyers were also about for EMP, 6 dearer at 174p. Comment on expansion pros-pects triggered a double-figure pects triggered a double-figure gain of 21 to 481p in Carcle, Leading issues made only limited headway, but Simon picked up 13 at 323p, while Tyzack Turner rose 10

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

to 183p and W. A. Tyzack put on 6 at Foods continued to trade firmly. Calbury Schweppes were active as takeover rumours resurfaced and the price gained 8½ to 205p. Tate and Lyle were 3 dearer at 597p and 165p in response to Press com-unigate the same amount up at ment and Freemans gained 14 at 337p. Rowntree Mackintosh added 3 412p. Ward White were wanted at to 430p, as did Northern Foods, to 263p. Among Retailers, Teace attracted support at 425pm, up 3½. Elsewhere, A. G. Bart rose 62 to 390p in a restricted market in reply

to the good annual results.
Hotels were a shade easier for choice. Trusthouse Force softened a couple of pence to 184p and Ladbrake shed 6 to 397p. Grand Metropolitan settled 5 off at 455p.

Firm features were plentiful in miscellaneous industrials. Lil-leshal were outstanding with a jump of 40 to a new peak of 188p following news that Mr John Leek had been appointed chairman and had bought a near 7 per cent stake in the company. F. H. Temkins jumped 12 to 300p following the bumper interim profits—up from

firmed 10 to 485p and Tyne Tees 5 Pleasurama shed 41/2 more to

311p, sentiment still clouded by the chairman's resignation follow-ing a dispute over the company's acquisition policy.

Motor Distributor Caffyns roured higher when newspaper comment triggered fresh speculative inquiries which found marketmakers short of stock. The upshot was that shares rose quickly to touch 310p before set-tling below the highest at 305p, up 24 on the day. The sector pro-duced lesser features in Appleyard, 5 better at 183p, and Jessups, 4 higher at 116p. C. D. Bramali were 2 dearer at 148p, while BSG International hardened a penny further to 57 up following weekend press mention. Car and Component manufacturers passed a subdued session.

touched off a run in Cradley Print and the price jumped 16 to 112p. Barham contined to attract support, rising 7 more to 164p, while Benrose picked up a like amount at 225p. Irish influences pushed at 225p. Irish influences pushed Jefferson Smarfit up 35 to 375p. but profit-taking brought Monetype Corporation back 8 to 153p. Gold Greeuless improved further ahead of the interim results, due next Monday, to close 7 dearer at 218p. USM-listed Accord Publications revived with a gain of 10 to 178p, but there was little else worthy of mention in the Publishing sector. Among Agen-cies, Saatchi and Saatchi picked up 4 to 752p, still reflecting a broker's neodutiaa.

The Property leaders' recent good run faltered and prices eased back in the absence of fresh demand. Land Securities settled 6½ cheaper at 344p and MEPC gave up 5 at 347p. British Land shed 4 to 180p following shareholders' account of the Enter Control of the Security o ders' approval for the Euston Cen-tre acquisition. Moving sharply against the trend, Peachey rose 1 to 303p, reflecting renewed institutional demand on asset value considerations. Elsewhere, Daejan firmed 5 more to 675p, and Bradford Property Improved the same amount to 485p. Warnford were a firm market at 775p, up 25 and old takeover favourite Marler Estates revived with a gain of 40 at 645p. Grainger Trust rose 30 to 625p in a restricted market. Local London rose 25 to 370p in response to a broker's recommendation. US support last week, made further progress with Television South rising 11 to 277p in front of

PUTS

Feb. May, Aug. Feb. May. Aug.

NEW HIGHS AND LOWS FOR 1986/87

PROPERTY (16), TEXTILES (8), TOBACCOS (1), TRUSTS (46), GILE (7), OVERSEAS TRADERS (4), PLANTATIONS (2), MINET (14), MEW LOWS (6) AMERICANS (1) Saul (8, F.), ELECTRICALS (2) Duron international, INSTEM, FDODS (1) Cranswick Mill, INDUSTRIALE (2) Huntleigh Technology, Wilkes (J.). MEW MISHE (SOI) NEW HIGHS CAN)
BETTSH FUNDS CD, AMERICANE
(2), CANADIANS (5), BANKS (5),
BREWERS (4), BUILDINGS (25),
CHEMICALS (19), STORES (15),
ELECTRICALS (19), ENGINEERINE
(10), FOODS (12), HOTELS (4),
INDUSTRIALS (40), INSURANCE (4),
LEISURE (6), MOTORS (8),
NEWSPAPERS (3), PAPER (10),

61 40 27 49 33

78 52 30

35 E

#4 30 16

90 46 90 55

360 370 420

188 — — — 163 173 180 136 148 155 113 123 135 88 103 115 45 89 47 63

Ewa:

the award of a five-year distribu-tion contract from J. Sainsbury, closing 7 firmer at 249p, but Mil-ford Docks eased a couple of

pence to 71p despite news that Seacon and its associates had increased their stake to 18.75 per Textile investors were selective and with the exception of Cour-taulds, up 9 at 350p, tended to

conconcentrate on the lesserknown stocks. Kingsley and Forester rose to 68p before settling 3 up at 68p but Robert H. Lowe ran into profit-taking after news of doubled profits and a resumption of dividends to end slightly eased at 180p. Debron Investments, which presents its recent US acquisition to City analysts and fund managers today, gained 3 to 61p helped also by a recommendation. tion from BZW securities. Else-where, Tomkinsons and Leeds advanced 5 to the respective levels of

251p and 213p.

Mercaptile House resumed last week's sharp rise, aided by wide spread mention in the weekend financial columns, and closed 8 up to 1000 a financial columns. spread mention in the weekend financial columns, and closed 8 up at 403p, after 410p. International City prospered, too, gained 8 further to 216p, while Brint Investments advanced 12 to 298p. Argyle Trust revived with a gain of 5 to 101p, and NMC Investments advanced 8 to 173p on press comment. For a similar reason, Raebura Investment Trust moved up 5 to 458p, Yule Catto were a silentnight. Bristol Channel, strong late feature at 286p, up 18.

Minor gains among the oil majors, reflecting firmer crude prices and the current inciement Lacker (Tl. Amstrad, Parkdale, Lik, typical and petered out British Petroleum, after early progress to Tranwood, BSR, Egiliaton, 762p, subsequently settled vir. releam, after early progress to Tranwood, BSR, Eglinion, 752p, subsequently settled vir Courtenils, Tenby, BICC, Armour, tually unchanged at 758p, while Wellcome, Aquarius, Babcock, Shell performed in similar fashion BSR, Wills Grp and Cityvision.

balance at 1791-p. Tricentral contimued to attract buyers on takeover hopes and touched 91'sp prior to closing a couple of peace better on balance at 89p. With a suffer dollar continuing to

help gold bullion prices, there was further support for gold-orientated issues from European investors. The FT Gold Mines index climbed 12.6 to 337.5.

**Traded Options** 

Demand for Traded options con-tracted with 45.671 deals done compared with Friday's \$1.365. British pared with remain a second ending Gas were particularly settive with 12,955 calls and 974 puts arranged, while Dixons recorded 1,909 calls and 203 puts ahead of tomorrow's interim results Marks and Speacer were also fairly active with 1,263 calls and 154 puls completed.

#### Traditional Options

· First dealings Jan 5 Jan 19 Feb 2 Last dealings Jan 16 Jan 30 Feb 13

Last declaratio Apr 2 Apr 23 May 7
For Settlement Apr 13 May 5 May 18

and closed unaltered at 1024p. Puts were taken out in Fairline Britoil attracted a useful two-way Boats, BR Benzol, Cifer and Nolten, trade and, after touching 1801-p, while doubles were completed in eased to finished 21-2 dearer on Ryan Int and BICC.

TRADING VOLUME IN MAJOR STOCKS

ASDA-MFI ....... Affied Lyons ..... Harks & Spoor ... Midland Bank.... MctWest Bank.... Rank Org Tesos
Thore EM1.....
Trafalgar House
Thouse Forte...
Uniterer es "A"..... Hanson Trest..... Hawker Sidd .....

RISES AND FALLS YESTERDAY



### **LONDON RECENT ISSUES**

	EQUITIES												
Install			Latest	296	<b>147</b>	Stock	Closing	+ 0*	Net-	Tene	Gree	ŀ	
	Price	19	Date	Hilgh	- Low		Price	-	Des.	Covid	Yield	N	
_	5122	F.P.	2/1	153	135	PAshtead Group 10p	151		R3.0	35	2.6	34	
	N II	F.P.	30/2	67	65	#Avesco (Reg) la	66		105		li	fãe	
	11	F.P.	_	27	24	Benson (SGB)	26	+2	bd0.5			116	
	· · · · · · · · · · · · · · · · · · ·	F.P.	—	51 728	37	EBorder TV	47		2.5	3.2	75	łδ.	
	5212	F.P.		726	228	Brierley Ims. \$No. 50		Į i	Q10.0c	6.4	مد	10	
	פנו	50	202	86	97	British Gas	67	+1	W6.5	24	6.0	[1]	
	900	F.P.	8/2	71	63	#Cap & Reg Prop100	70	-2	-		-	36	
	74	F.P.	6/1	110	107	4Gaypor Group 10p	107	-2	12,67			114	
	142	F.P.	19/1	111	105	#Halls Homes&Gdvs 5p	111	+2	R2.77	2.7	3.5	12	
	p23	F.P.	5/2	28	24	Harmony Leisure Sp		-2	10.1	124	9.5	20	
	1200	F.A.	14/2	121	200	CHaraby Group 5p ,	101	-2	R3.195		4.5	ш	
	1225	F.P.	30/1	151	146	Hoskyns Group Sp	151		m1.6	5.6		16	
	190 185	F.P.	21/1	170	158	# Johnson Fry 100	160		13.72	3.1		14	
	985	F.P.	57/1	68	65	Logitek 5p	- 68	+1	r1.8	38		9.	
	9144	P.P.	23/1	249	1441	Mil. Research Sp	149	+2	R3.0			14	
	102	F.P.	_	78	104	+Mayborn Group 5p	113		R3.2			11	
	150	75	_	78	75	Mezzenine Tst. Hit.	73	-1	113.0	_	24.4	-	
	50	F.P.		53	51	Do. Capital 50p	51			- i	-	-	
	£105	F.P.	19/12	105	9412	Miss Sam 10n	95	-11-	<b>#3.92</b>	24	5.8	10	
	252 170	F.P.	23/1	158	152	Nobe Groep 10p	154	+1	r4.75		43	11	
	170	F.P.	19/12	251	193	#Spandex 10p	249		ud3.0			33	
	935	F.P.	9/2	143	138	Search £1	138		u3.5		3.6	-	
	70	F.P.	9/1	113	90	+TSB Charmel  slands	110	+1	R3.92	3.7	4.5	7/	
	2775	F.P.	9/1	124	119	#Tribble Harris \$0.01		+2	ru3.6c	2.8		18	
	£135	F.P.	23/1	150	136	Wilding Office 10p	151		3.25		3.0	19	

#### FIXED INTEREST STOCKS

Price	Ambert, Paid	Lagest Renonc	198687		Stock	Closing Price	+ 00
£	<b>SP</b>	Date	Hågh	Low		2	-
100 100 100 100 100 100 100 100 100 100	F.P. F.P. F.P. E.D. E.D. E.D. F.P. HB	3/2 19/3 15/5	1000-0 1100 1050 1050 1050 124 494 1004 1004 5000	101p 102p 111; 411; 100 1004	Betah Commonwealth 7 % % Co Sob. Un. Ln. 2000 Graat Western Res. Ser. 18 Perf S0 01. Hassoner Grone 64 % Com. Com. Red. Perf E1. Intl City Midgs 8½ % Com Com Red. Perf £1. Lettanes (sws. 7% Com. Com. Red. Perf. £1. Mid-Kent Marce 84 % Red. Perf. £1. Mid-Sortsex Waster 11 % Red. Deb 2012-16. Nationwise 11 % % 805, 2/12-87 Do. 11 % 805, 817-88. Scanno Midgs. 74 % Cx. Cm. Rd. Perf. £1.	100% 1109 1030 1039 1049 11% 43% 100% 60pm	* : 4477

#### "RIGHTS" OFFERS

lasan Prica	Attrouve, Parks	Latest Remins	19	607	Stock	Closing	+ 00		
	-	Date	High	Low		P	-		
55 145 100 65 14 5 66 11 <sub>2</sub> 20	NA NA NA NA NA NA NA NA NA NA NA NA NA N	1972 2072 1372 3071 1277 1072 2072 673 1377	20pm 34pm 34pm 16pm 13pm 14pm 9pm 213pm 211pm	12pm 13pm 10pm 42pm 13pm 21pm 12pm 12pm	Belhaben Brewery Birmingham Matei Freshbake Foods 50 Maring led 100 Muntus Bros 100 Muntus Bros 100 Fallow Cone Hastwal Res. Parkelabe Hidgs. 100 Feropetry Trusl. 100 Linked Guarantee Linktycorp Tut. Warrantes	20pm 36pm 34pm 16pm 15pm 14pm 21pm 21pm 20pm	+1		
Remuniciation date osually last day for dealing free of stamp duty. a Armalined dividend, a Freuera basel on prospectus estimates. a Dividend rate paid or payable on part of capital, cover haved on dividend on full capital.									

Torma Figures I Indicated dividends, cover relates to prespective or other official estimaters. W Pro-servings, a Forecast, or estimated annualised dividend rate, cover based on previous associal. I issued by bonder, ii) Officer's holders of ordinary shares as a "rights," of ii Introduction, "of history by any of capitalismion, § Placing price, §§ Returnoduced, or I search to recommendation, "of history by way

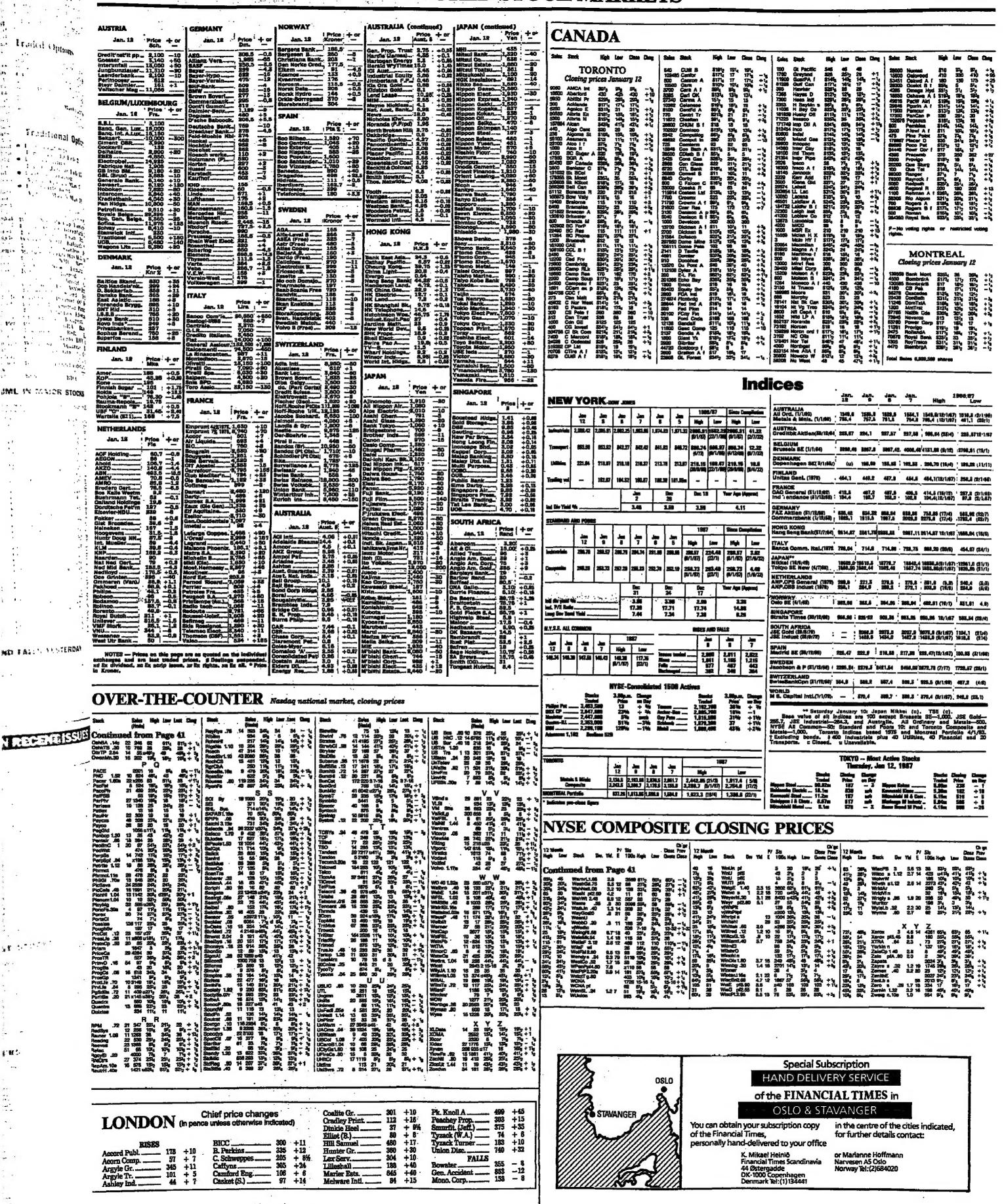
### FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

•															
EQUITY BROUPS & SUB-SECTIONS					Monday January 12 1987								Floor Jam 8	West Jam 7	(Minuser) 930 Apper
Figures in parentheses show number of stocks per section			loc M	iex	Day's Clarge %	Est Estroi Yheld (Ma	7	Gross Dw. Ylekt% (ACT at 29%)	Est. P/E Ratio (Nat)	1987	index No.	Index. No.	index Mg.	ledex Ms.	
	1 CAPITAL GOODS (209)			731	.76	+0.5		43	3.52	15.03	0.13		728.92	718.30	577.39
3	2 Building Materials (27)			126	200 10	+0.1	8.	2	3.37 3.66	15.40 18.52	0.40				
4	4 Electricals (12)			188		+1.7		66 I	4.48	16.04		1854.71	1854.79	1216.02 1823.28	938.49
	5 Electronics (38)			141°		+1.0	8.1		2.54	15.02	0.00	1603.74	1595.51	1592.04	1459.00
	6 Mechanical Engineering (61)				1.96	+9.7	9,		3.91 3.85	13.54	0.00			404.73	
9	9 Motors (15)			293	L.47	+0.3		48	3.60	12.16	0.00				
. 10 . 21	10 Other Industrial Materials (21)				6.17 1.63	+0.1	7.		4.38	16.68	0.09			1229.89	1006.48
22	Brewers and Dist				1.08	-11	7. 8.		3.15 3.57	17.56	0.00			976.97 954.89	748.87 773.84
25	Food Manufactur			762	_53	+0.3	8.7		3.68	14.92	1.02			742.59	556.48
26 27	Food Retailing ()						5.4		2.71	20.51			1931.34		1718.46
29	Leisure (31)			102		+0.2	7.3		3.97	21.43 17.80	0.25	1024.63	1770.36	1765.59 1071.28	1384.57 757.94
31	Packaging & Pag	er (14) _		527	.41	+0.1	6.5	50	3.16	19.93	0.18	527.04	518.44	511.25	364.87
31 32 34	Publishing & Prin Stores (37)	nung (14)	·	2940 875	.62	+0.7	7.		3.88 3.07	19.45	3.41		2873.64 856.50		1847.67
35	Textiles (17)			598	116	+1.6	8.1		3.43	13.05	.0.00				724.12 379.21
40 41	OTHER GROUP!					+0.8	8.4		3.85	14.03	0.06		848.84	843.98	796.47
42	Agencies (16) Chemicals (21)			1084		+0.5	5.0		1.88	27.27 14.91	0.00	1077.20	1153.96 1063.31	1055 54	732.46
43	Chemicals (21) Conglomerates (1	3)(3)		1176	i.00	+0.5	7.3	35	3.71	16.15	0.15	1170.03	1162.90	1152.02	6.0
45 47	Shipping and Train	nsport (1)	IJ	1665 874		+0.8	7.3		4.53	16.95 12.75	0.00		1623.06		1334.32
48				11186		+0.5	10.0		3.48	11.18		1178.47	862.96 1157.60		870.34 883.13.
49	49 INDUSTRIAL CROUP (4E2)			907	.08	+0.4	8.0	12	3.43	15.80	0.22		894.28		70L02.
된	Oil & Gas (18)		-	1565		+0.2	10.8	_	5.79	11.62			1529.89		1110.16,
	59   500 SHARE INDEX (500)			962		+0.4	8.4	13	3.77	15.02		959.32		939.90	
62	61 FINANCIAL GROUP(117)			637 692		-0.4	18.2	,	4.47 5.30	7.54	0.10	640.27 696.24	633.39 688.72	629.43 695.17	513.78 524.37
65	b5 Insurance (Life) (9)			906	.72	-0.4	[ =	— J	4.28		0.00	910.23	898,44	885.52	784.89
65	65 Insurance (Composite) (7)67 Insurance (Brokers) (9)			481		+03	1 au	_ [	4.51 4.48	16.11		488.01 1179.97	485.13	472.92 1164.86	412.38
68	68 Merchant Banks (11)			378		+0.2		"	3.85	18.11	0.00	377.88		363.37	
69 70	69   Property (47)			9-27		-0.3	5.8		3.56	22.22	0.00	830.03	820.66	<b>813.37</b>	647.10
岩	Investment Trust	c <u>3)</u> c (97)		397		+0.7	7.6	II.	3.82 2.56	16.57	0.48	394.84 897.56	392.32 894.86	389.86 887.20	291.88, 640.21
<b>B3.</b>	Mining Figance (*	71		26.5		+2.4	3.5	8	4.41	13.78	0.00	355.58	345.72	348.67	246.33
	91 Overseas Traders (12)			_ 812		+0.3	9.8	_	5.58	12.29	0.00	810.32	805.06		610.93
77	99 ALL-SHARE INDEX(728)					+0.3	<u> </u>	-	3.85	_	0.18	873.53	863.56	_	672.02
				Inde		Day's Change	Day Hig		Day's	Jan 9	Jan 8	Jan 7	Jan 6	Jan 5	Year ago
	FT-SE 100 SHARE INDEX 4			175	5.6					1752.3					
FIXED INTERES						ST AVERAGE (							iden Jan 12	Frii Jan 9	Year ago (approx.)
	PRICE	Mon	Day's	Fri	ᇳ	adi.	d 201	1	Britis	k Govern	ment			9.55	10.07
	INDICES	Jan 12	change	Jan		day   7	1987			. 5 . 15	years		9.49	9.81	10.54
_	la ratio		*	9	╙		date	3		25	70025		9.85	9.81	10.55
,	British Government 5 years	120.26		120.24	l			5			years		10.47	10.46	11.78 10.99
Ž	5-15 years	135.01		135.04	] =	- 1	8.46	6 7			years		9.91	9.88	10.60
	Over 15 years	142.16		142.54	[ _	1	0.08	7 8		. 5	70275		19.58	10.57 10.25	11.92 11.18
4	Irredeemables	154.95		153.77	۱_	ſ	0.00	9	Coupon		years		10.27 9.96	9.93	10.69
	All stocks	132.37		132.44	_	·	0.18	10	Irredee	mables	,		9.74	9.78	10.24
	Index-Linked				1	-		13	Index-	Linked rate 5%		. Ţ			
6	5 years	116.54	+0.08	116.45	6.45 —		0.00		Inflat's	rate 5% rate 5%		JF3	3.62 3.75	3.46 3.76	- 6.0
7	Over 5 years	113.78		113.72	a.	15	0.15	13	Inflacto	Inflac'o rate 10%				2.19	4.0
8	All stocks	114.20		114.13	0.	13	0.13	_	_	rate 10%	Over 5	773	2.16 3.59	3.60	E.9
_	Debestures & Loans	174 20	+0.59	110 00	-	7.4	<del></del>	15	Debs &		5 yea		11.00	11.63	12.06
_		116.32		115.78		14	0.14	17			15 year 25 year		10.99 10.99	11.03	11.65
10	Preference	80.16	+0.47	79.79	1 -	- I	0.00	18	Prefer				11.69	11.71	12.02

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### WORLD STOCK MARKETS

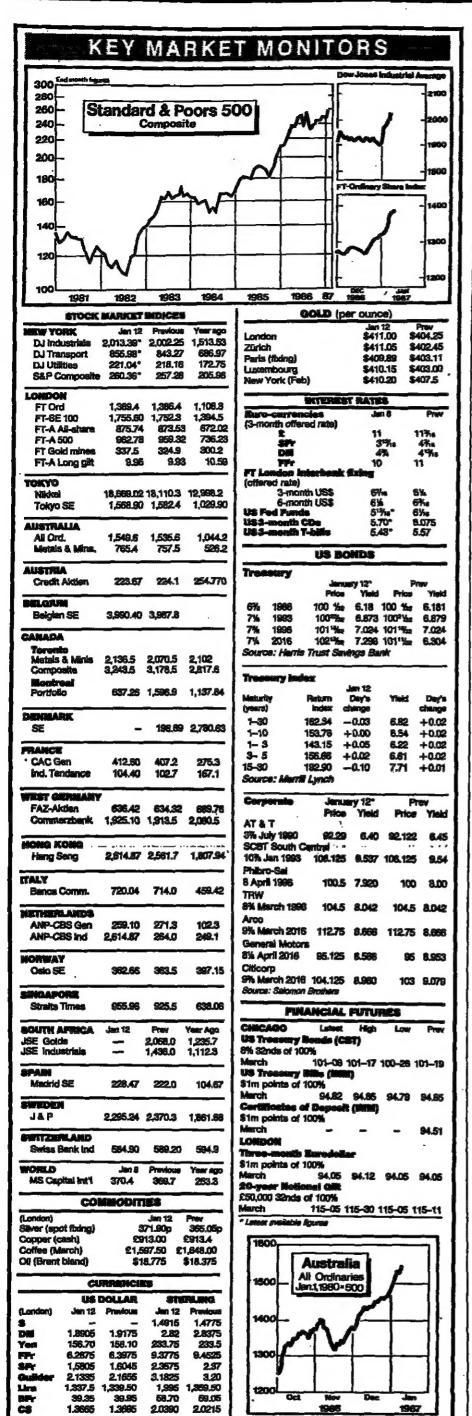


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### **FINANCIAL TIMES** WORLD STOCK MARKETS



WALL STREET

### Hesitancy proves short-lived

RECOVERING from a hesitant start, Wall Street stock prices edged higher again yesterday on heavy volume, writes Roderick Oram in New York. Credit markets were unsettled by a

number of factors including a weaker dollar and prices fell in light trading. The Dow Jones industrial average closed up 3.51 points at 2,009.42.

Although some form of correction is widely expected soon, busy turnover and modestly rising prices extended the robust New Year rally into its seventh session, its longest unbroken rise in 20 months. Volume remained heavy at 184.9m with advancing stocks outnumbering those retreating by two-to-one.

Among the blue chips, AT&T edged up \$% to \$25%, Boeing added \$% to \$52, Digital Equipment jumped \$3% to \$118%. IMB lost \$1% to \$120% and United Technologies fell \$% to \$47%.

Oil stocks were strong as crude prices continued to rise and fighting picked up in the Iran-Iraq war. Exxon gained \$1% to \$75%, Amoco was up \$1% to \$71%, Chevron added \$1% to \$50% and Standard Oil rose \$2 to \$57%.

Investors appetite for second tier stocks was sharper with the American Stock Exchange composite index rising 4.01 points to 287.80. breaking its previous ous record set on June 25.

The Dow industrial average's rise was retarded by Owens-Illinois' decline of \$4% to \$51%. Its board rejected a buyout proposal at \$55 a share and took its own actions to raise shareholders value including plans to buy back up to 20m shares equal to % of the total.

ICN Pharmaceuticals jumped \$2% to \$23%. It said it was seeking permission for limited use of a drug designed to treat an infection associated with Aids. ICN's share price has been volatile in recent days following reports of its advances in Aids research. On Friday it had a high of \$30 and a low of \$21.

General Dynamics advanced \$1% to 574%. Greece awarded it a contract for 40 F-16 fighter aircraft.

Loral gained \$% to \$40%. The military electronics group is buying the aero-space division of Goodyear Tire and Rubber which edged up \$% to \$44%.

Turner Broadcast System gained \$1% to \$19% on the American Stock Exchange. The heavily indebted group has invited cable television systems to which it supplies programmes to take equity stakes in it.

fusal of the Supreme Court to hear a case concerning health warnings on ci-garette packets. US Tobacco gained \$% to \$47%, Lowes advanced 5% to \$66%, Philip Morris added \$% to \$77% and RJR Nabisco rose \$1% to \$56.

USX rose 5% to \$23% on almost 3m shares, making it one of the most active issues. It is close to settling a 24-week strike by steelworkers. Last week, Mr Carl Icahn, the New York investor, dropped his \$31 a share bid for it.

E. F. Hutton lost \$1 to \$41%. It said it would report a fourth quarter loss

In credit markets, bond prices turned lower across the board under the influence of a number of negative factors such as a falling dollar in the wake of the European currency realignment, higher oil prices and a higher Fed funds

The price of the benchmark 7.50 per cent Treasury long bond dropped 1/42 of a point to 102/22 at which it yielded 7.33

The discount rate of three-month Treasury bills eased one basis point to 5.36 per cent while six-month bills slipped one basis point to 5.43 per cent and year hills rose two basis points to 5.45 per cent.

Economic figures due out this week are also hanging over the market. Following the strong employment figures for December released last Friday, analysts are now expecting a number of other measures to show better growth at the end of last year than initially fore-

Retail sales figures for December due

to be issued tomorrow (Weds) could show rapid expansion of around 2% to 3 per cent while industrial production figures on Friday could be as much as 0.4 per cent higher than the previous

The Fed added further to liquidity yesterday by doing three-day system repur-chases when the Fed funds rate stood at 61% per cent. It ended at 6% per cent.

EUROPE

### **EMS** moves meet mixed responses

THE EMS realignment and the weaker dollar were the key influences on European bourses yesterday, with West Germany and the Netherlands finishing lower while France gathered momen-

cord-setting trend. Frankfurt fell back after early bargain-hunting had pushed some share prices higher and taken the Commerzbank index up 11.6 to 1,925.1.

Spain, meanwhile, continued its re-

Selling set in as the dollar fell below DM 190, combining with disappointment over the realignment of the D-Mark to raise fears about German export earnings. Finance Minister Gerhard Stoltenberg told reporters, however, that the realignment would not

damage international competitiveness. Trading activity was moderate, with some investors unwilling to open new positions until after the elections on Jan-

Banks saw Deutsche down DM 10 to DM 769 and Dresdner off DM 4.50 to DM 378, while Commerzbank eased 80 pfg to DM 295.

The dollar-sensitive car sector was mainly lower with Daimler-Benz down DM 9 to DM 1,129 ex-rights and BMW off DM 15 to DM 525. VW lost DM 1 to DM 389, a 12-month low, prior to news of very high 1986 demand. Porsche was steady at DM 990.

Bonds had a quiet session with many investors waiting to see the effect of the EMS changes. Prices showed little movement. The Bundesbank sold DM 21m worth of paper in its daily marketbalancing operation after selling DM

80.9m on Friday. Amsterdam also fell in a nervous session, depressed by the dollar's decline and further fallout from last week's poor

corporate results. Trading was fairly quiet as many investors waited to see if West German interest rates would fall and take Dutch rates down with them.

Paris was cheered not only by the reshuffle within the EMS but also by signs of an end to the public sector strikes.

The state railways predicted a return to normal by today.

Buying was also fuelled by hopes of lower interest rates, now that the ten-sion within the EMS has eased. The French Treasury bill rate fell to 7.94 per cent from 8.68 per cent and Finance Minister Edouard Balladur said West German rates could fall soon. But there have also been suggestions that the franc's problems are not yet over.

Thomson, whose Paris pipemaking plant was devastated yesterday by an unexplained explosion, added FFr 2 to

Zurich turned mixed to lower as investors adopted a cautious approach to the EMS realignment and the dollar. while Brussels was mixed to slightly higher in a quiet session which saw a small boost to market confidence from

the EMS events.

Milan paid little attention to the realignment, closing mainly firmer in fairly

active trading.
Stockholm fell across the board in a gloomy reaction to the new budget. The Veckans Affarer all-share index

dropped 25.1 to 840.6 and among blue chips Volvo lost SKr 13 to SKr 309. Oslo eased in lacklustre trading as fa-

vourable rates in the credit markets drew funds away from securities. Madrid saw all sectors gain in a strong advance that took the stock ex-

change index 6.41 higher to a record 228.47. Leading blue chip Telefonica posted a 3.3 percentage point gain to 180 per cent of nominal market value.

TOKYO

### Firmer yen forces downturn

THE CONTINUED firmness of the yen against the dollar forced share prices sharply lower in Tokyo yesterday, urites Shigeo Nishiwaki of Jiji Press.

Blue-chip electricals and precision instruments fell almost across the board, along with other market leaders such as pharmaceuticals, domestic demand-re-

lated issues and financial stocks. The Nikkei average shed 141.34 to 18.669.02. Volume shrank to 403m shares from last Friday's 729m. Declines outran advances by 549 to 289, with 145 issues

unchanged.
Institutional investors retreated to the sidelines, discouraged by the yen's per-sistent firmness against the dollar des-pite the Bank of Japan's dollar-buying and yen-selling market intervention on the Tokyo foreign exchange market yes-

Investors were also uncertain about a possible effect of the agreement reached at a meeting of the finance ministers of the European Community in Brussels on a realignment of currencies within the European Monetary System.

Reported moves by Mitsubishi Corp and Kyodo Oil to purchase crude oil from Saudi Arabia at a fixed price of \$18 per barrel also depressed buying enthu-

On the trading floor, Morinaga Milk closed Y9 higher at Y596 after gaining Y27 at one stage. But Snow Brand Milk and Meiji Milk fell Y20 and Y9 to Y980 and Y925, respectively.

Nippon Steel topped the active list with 90.83m shares traded, accounting for 22 per cent of total volume. But the issue ended Y3 lower at Y187. Nippon Steel was rumoured to be drawing massive buy orders from institutional investors abroad.

Meidensha Electric came out the second busiest issue with 18.09m shares changing hands. Its popularity reflected investor appraisal of the company's plan to redevelop its former factory site. Meidensha advanced Y30 at one point but came under selling pressure later to finish at Y830, unchanged from last week's

Mitsubishi Pencil scored a daily allowable gain of Y100 to Y915, while Kawasaki Kisen rose Y10 to Y182.

Small-lot selling dampened bluechips. Hitachi and NEC lost Y30 each to Y1,000 and Y1,930 respectively. Maisushita Electric Industrial dropped Y40 to Y1,930, Sony Y60 to Y3,310 and Canon Y15 to Y970.

Their trading volume was thin at 3.91m shares for Hitachi and 1.78m shares for Matsushita. Pharmaceuticals declined sharply.

Yanmouchi Pharmaceutical shed Y130 to Y3,780, affected by European investors'

After four days of rises, bond prices weakened slightly with the yield on the 5.1 per cent government bond maturing in June 1996 ending at 5,160 per cent, unchanged from last week's close.

Major securities houses believe bond prices will not decline sharply because life and nonlife insurance firms as well as financial institutions related to agriculture and forestry were placing smalllot buy orders for bonds carrying coupon. rates of 6 per cent and 6.1 per cent. Most active stocks, Page 39

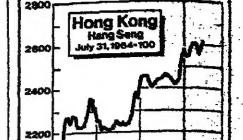
#### LONDON

THE RECORD-SETTING pace continued in London yesterday although the momentum of the rally appeared to slow. The FT-SE 100 index, up an early 8 points, closed 3.3 higher at a new peak of 1,755.6, its fourth consecutive record, while the FT Ordinary index added 3.0 to 1.389.4.

Oils enjoyed late US support although closing gains were small: Britoil added 2%p to 179%p on 8.9m shares; BP firmed 2p to 758p on 3.5m shares, and Shell was unchanged at £10% on 4m shares.

Gilts started well but prices drifted back in sluggish trade to show gains of

Chief price changes, page 39, Details, Page 38; share information service, Pages 36-37



#### HONG KONG

PERSISTENT institutional demand boosted Hong Kong to another record as the Hang Seng index jumped \$3.14 to 2,614.87 and the Hong Kong Index added 33,27 to 1,674.25.

Sentiment was aided by news that a consortium comprising Cheung Kong. Hutchison and Hopewell has proposed a HK\$25bn new airport and highway network. Foreign buyers were also active

later in the day. Cheung Kong jumped HK\$1.25 to HK\$39.75, just below its 12-month high, Hutchison gained HK\$1.75 to HK\$46.75 and Hopewell at 32% cents was 3% cents higher. Other properties gained in sym-pathy with Wharf Holdings picking up 10 cents to HKS9.20 while Hongkong

Land gained 20 cents to HKS7.20. Banks were busy with Hongkong and Shanghai Bank, the most active stock; hitting a 12-months peak with a 15-cent gain to HKS9.75.

#### **AUSTRALIA**

TAKEOVER ACTIVITY continued to propel Sydney to fresh heights as the All Ordinaries index reached another re-cord with a 13.4 rise to 1,549.5. Volume swelled to 123m shares, worth A\$247m. with advances outnumbering falls by two to one. The media sector remained a hotty

contested battleground as higher offers for the Herald and Weekly Times and Queensland Press from News Corp and speculation over a fresh counter bid from Mr Robert Holmes & Court whetted investor appetite. HWT at A\$15 was A\$1.15 higher

Queensland Press jumped AS2 to AS22 Fairfax put on 5 cents to AS12.10 and News Corp dropped 45 cents to A\$18.

#### SINGAPORE

THE BULLISH mood continued in Singapore as local and foreign institutions bought strongly in brisk trading, pushing the Straits Times industrial index to its highest level for 29 months. The index gained 30.44 from Friday to 955.96, a 12-month-record and the highest point since it reached 963.07 in August 1984.

No new factors emerged to explain the rise but at the same time there was nothing to depress the positive senti-

Blue chips and banks did best from the buying, with Genting up 25 cents to S\$6.95, Haw Par gaining 16 cents to S\$3.34, Sime Darby 13 cents ahead to S\$2.28 and Singapore Airlines up 39 cents to S\$9.85.

#### SOUTH AFRICA

GOLDS were catapulted to record highs in Johannesburg as the bullion price topped \$410. Strong domestic and international support stemmed from the uncertain foreign exchange movements of recent days, according to brokers. The stock exchange All-Gold index surged to a record 2,117.

Free State Consolidated jumped R3.50 to R58 and Driefontein closed R1 higher at R75.75.

#### CANADA

OIL AND GOLD issues spearheaded the rally in Toronto despite the mixed early tone on Wall Street.

The higher bullion price supported a C\$1% gain to C\$31% for Lac Minerals as International Corona rose CS1 to CS2%. Campbell Red Lake at CS29% was CSI higher.
Higher US crude oil prices tiggered a
CS% advance to CS53% for Imperial Oil

Class A as Texaco firmed CS% to C\$33%. Industrials followed the resource inspired rally. In Montreal utilities slipped as banks

and industrials staged a solid advance.

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